

DISCUSSION PAPER

ECONOMIC GROWTH AND SOCIAL REPRODUCTION:

Gender Inequality as
Cause and Consequence



No. 5, September 2015

ELISSA BRAUNSTEIN

FOR PROGRESS OF THE WORLD'S WOMEN 2015-2016

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SUMMARY

In this paper we develop a set of regimes that link structures of economic growth with those of social reproduction. We then link these regimes to groups of countries organized by economic structure and level of development and evaluate the macroeconomic consequences of a decline in gender inequality in the labour market. Social reproduction is defined in terms of the time and money it takes to produce, maintain and invest in the labour force, so it includes both paid and unpaid care work. The analytical emphasis is on how the distributions of production and reproduction among women, men, the state and capital determine investment and growth and how gender inequality is both cause and consequence of these relationships.

We begin by developing a conceptual macroeconomic model of growth and social reproduction. Our overall approach to the macroeconomy is what economists term ‘structuralist’ in the sense that the distribution of income plays a central role in aggregate demand, investment and growth, and the structure of the economy is an important determinant of how these interactions play out. Social reproduction is incorporated into this model by treating labour as a produced means of production. Primarily women (but also men) carry out this reproduction process by doing both paid and unpaid work. A key goal is to differentiate between societies that care more and/or better than societies that care less. The reason could be social norms around intergenerational obligation that induce altruistic preferences; strong social welfare sectors that create highly skilled and well-paid jobs in the care sector; or, more likely, gendered ideals that encourage women to provide high-quality care for little or no pay.

The result is a two-by-two matrix that links macro mechanisms of growth with those of the distribution of social reproduction. In terms of growth, we differentiate between what we term low- and high-caring spirit economies by capturing the relationship between wages, investments in human beings and

economic growth. In high-caring spirit economies, higher wages are associated with increased investments in human capacities, raising long-term growth possibilities. In low-caring spirit economies, the impact of higher wages on investment is not strong enough to counter the negative impact on profits, and growth suffers as a result. The social reproduction side also involves two stylized cases: The low road corresponds to a feminization of responsibility and obligation, while the high road is characterized by a more equal, gender egalitarian distribution of the time and monetary costs of social reproduction.

Putting the four cases together, we have a set of four stylized regimes: time squeeze, mutual, wage squeeze and exploitation. In the time squeeze case, higher wages for women are good for growth, but more labour market participation squeezes time and lowers human capacities production, resulting in growth that is elusive or unstable. In the mutual case, higher wages for women are good for growth, more market participation increases human capacities production and thus growth and social reproduction reinforce one another. In the exploitation case, higher wages for women lower growth, more market participation squeezes time and lowers human capacities production and growth is partly based on exploiting women’s labour and human resources. In the final case, wage squeeze, higher wages for women lower growth, but more market participation enhances human capacities production and growth is elusive or unstable.

The second part of the paper then groups countries by economic structure, level of development and structure of social welfare provisioning to determine where they fall among the four stylized regimes of growth and social reproduction. The emphasis is on understanding how increasing gender equality in the labour market will affect larger processes of growth and what kinds of limits the structure of social reproduction places on the potential for development and growth. At the heart of this policy analysis is the

point that growth, social reproduction and gender equality are connected in ways that make care a key determinant of macroeconomic policy outcomes, growth and development. Social reproduction is

essential for growth, and the social and economic circumstances under which it takes place determine the precise nature of this relationship as well as chart promising pathways for change.

RÉSUMÉ

Dans ce document, nous élaborons une série de régimes qui relient les structures de la croissance économique à celles de la reproduction sociale. Nous relient ensuite ces régimes à des groupes de pays organisés en fonction de leur structure économique et leur niveau de développement et évaluons les conséquences macroéconomiques d'un recul des inégalités entre les sexes sur le marché du travail. La reproduction sociale est définie en termes de temps et d'argent nécessaires pour produire, maintenir de la main-d'œuvre, et investir dans celle-ci. Elle comprend donc les soins rémunérés et non rémunérés. L'analyse met l'accent sur la manière dont la répartition de la production et de la reproduction entre les femmes, les hommes, l'État et le capital détermine les investissements et la croissance et sur la manière dont les inégalités entre les sexes sont à la fois les causes et les conséquences de ces relations.

Nous commençons par élaborer un modèle macroéconomique conceptuel de croissance et de reproduction sociale. Notre approche globale de la macroéconomie est définie par les économistes comme « structuraliste », dans le sens où la répartition des revenus joue un rôle central dans la demande globale, les investissements et la croissance, et la structure de l'économie est un important facteur qui détermine la façon dont ces interactions se font. La reproduction sociale est intégrée à ce modèle en considérant le travail comme un moyen de production produit. Ce sont principalement les femmes (mais aussi les hommes) qui exécutent ce processus de reproduction en effectuant des soins rémunérés et non rémunérés. Un objectif essentiel est de faire la différence entre les sociétés se soucient le plus de leurs citoyens et celles qui s'en soucient le moins. Cette distinction pourrait être liée aux normes sociales concernant l'obligation intergénérationnelle qui engendrent des préférences

altruistes ; à la présence de secteurs assurant une protection sociale efficace créent des emplois hautement qualifiés et bien payés dans le secteur des soins ; ou plus probablement, à l'existence d'idéaux sexospécifiques encouragent les femmes à fournir des soins de qualité sans rémunération ou très peu.

Cela crée une matrice binaire qui relie les mécanismes macroéconomiques de croissance aux mécanismes de répartition de la reproduction sociale. S'agissant de la croissance, nous faisons la différence entre ce que nous appelons les économies bienveillantes et celles qui ne le sont pas en examinant la relation entre les salaires, les investissements dans les êtres humains et la croissance économique. Dans les économies bienveillantes, les salaires élevés se traduisent par de plus gros investissements dans les capacités humaines, ce qui accroît les possibilités de croissance à long terme. Dans les économies moins bienveillantes, l'impact des salaires plus élevés sur les investissements n'est pas assez important pour contrer leur effet négatif sur les profits, ce qui nuit à la croissance. La reproduction sociale comprend également deux cas schématisés : La mauvaise voie correspond à une féminisation des responsabilités et des obligations, tandis que la bonne voie se caractérise par une répartition égale, plus d'égalité entre les sexes des coûts de la reproduction sociale en termes de temps et d'argent.

Si l'on regroupe les quatre cas, nous obtenons une série de quatre régimes schématisés : la compression du temps, la distribution mutuelle, la compression des revenus et l'exploitation. Dans le cas de la compression du temps, des salaires plus élevés pour les femmes favorisent la croissance, mais une participation accrue sur le marché du travail compresse le temps et diminue la production des capacités humaines, ce qui se traduit

par une croissance insaisissable ou instable. Dans le cas de la distribution mutuelle, des revenus élevés pour les femmes sont favorables à la croissance, une plus grande participation sur le marché accroît la production des capacités humaines, et la croissance et la reproduction sociale se renforcent donc mutuellement. Dans le cas de l'exploitation, des salaires plus élevés pour les femmes nuisent à la croissance, une plus grande participation sur le marché compresse le temps et diminue la production des capacités humaines, et la croissance repose partiellement sur l'exploitation du travail des femmes et des ressources humaines. Dans le dernier cas, la compression des revenus, des salaires plus élevés pour les femmes nuisent à la croissance, mais une plus forte participation sur le marché du travail améliore la production des capacités humaines et la croissance est insaisissable ou instable.

La deuxième partie du document regroupe ensuite les pays en fonction de leur structure économique, de leur

niveau de développement et de la structure de leur régime de protection sociale afin de déterminer leur appartenance à l'un de quatre régimes schématisés de croissance et de reproduction sociale. Il s'agit avant tout de comprendre la manière dont le renforcement de l'égalité de genre sur le marché du travail affecte des processus plus larges relatifs à la croissance et quels types de limites la structure de la reproduction sociale place sur le potentiel de développement et de croissance. Il y a au cœur de cet analyse politique l'argument selon lequel la croissance, la reproduction sociale et l'égalité de genre sont liées de telles manières que les soins sont un facteur déterminant des résultats de la politique macroéconomique, de la croissance et du développement. La reproduction sociale est essentielle à la croissance, et les circonstances sociales et économiques dans lesquelles elle se fait déterminent la nature précise de cette relation et laissent entrevoir de réelles possibilités de changement.

RESUMEN

En este artículo, la autora describe un conjunto de regímenes que vinculan las estructuras de crecimiento económico con las de reproducción social. Asimismo, se establece una relación entre dichos regímenes con diversos grupos de países organizados según su estructura económica y nivel de desarrollo, y se evalúan las consecuencias macroeconómicas de la recesión sobre la desigualdad de género en el mercado laboral. La reproducción social se define en términos del tiempo y los recursos económicos necesarios para producir mano de obra, mantenerla e invertir en ella; incluye tanto el trabajo remunerado como el trabajo de cuidados no remunerado. El análisis se centra en el modo en que las distribuciones de producción y reproducción entre mujeres, hombres, el Estado y el capital determinan la inversión y el crecimiento, y describe la desigualdad de género como causa y consecuencia de dichas relaciones.

La autora parte de la elaboración de un modelo macroeconómico conceptual de crecimiento y reproducción social. El enfoque global que adopta

con respecto a la macroeconomía es el que las y los economistas denominan “estructuralista”, en el sentido de que la distribución de los ingresos desempeña un papel crucial en la demanda agregada, la inversión y el crecimiento, y de que la estructura de la economía es un factor determinante en estas interacciones. La reproducción social se incorpora a este modelo tratando el factor trabajo como un medio de producción que, a su vez, también es producido. Este proceso de reproducción corre principalmente a cargo de las mujeres (pero también de los hombres) a través del trabajo tanto remunerado como no remunerado. Uno de los objetivos clave es diferenciar las sociedades que prestan más o mejores cuidados de aquellas que prestan menos cuidados. El motivo de esta diferencia puede residir en la existencia de normas sociales sobre las obligaciones intergeneracionales, que induzcan preferencias altruistas; de sectores de bienestar social sólidos que creen puestos de trabajo altamente cualificados y bien remunerados en el sector del cuidado; o, con mayor probabilidad, de ideales de género que alienten a las

mujeres a prestar cuidados de alta calidad a cambio de una remuneración escasa o nula.

El resultado es una matriz de dos filas y dos columnas que vincula los mecanismos macroeconómicos de crecimiento con los de la distribución de la reproducción social. En términos de crecimiento, la autora distingue entre lo que denomina economías con una alta o baja propensión a la prestación de cuidados, identificando para ello la relación entre los salarios, la inversión en las personas y el crecimiento económico. En las economías con elevada propensión a la prestación de cuidados, los mayores salarios están asociados a una inversión más intensa en las capacidades humanas, lo que aumenta las posibilidades de crecimiento a largo plazo. En las economías con baja propensión a la prestación de cuidados, el efecto de unos salarios más elevados no es lo suficientemente fuerte como para contrarrestar los efectos negativos que ejercen sobre los beneficios, por lo que el crecimiento se ve perjudicado. Por lo que respecta a la reproducción social, también se aprecian, de forma esquemática, dos casos diferentes: el nivel inferior corresponde a una feminización de la responsabilidad y de la obligación, mientras que el nivel superior se caracteriza por una distribución del tiempo y los costos económicos de la reproducción social más equitativa e igualitaria desde el punto de vista del género.

Considerando en simultáneo los cuatro casos descritos, se obtiene un conjunto de cuatro regímenes que la autora denomina del siguiente modo: «restricciones de tiempo», «régimen mutuo», «restricciones salariales» y «explotación». En el régimen de restricciones de tiempo, los salarios más altos que reciben las mujeres inciden positivamente en el crecimiento, pero su mayor participación en el mercado laboral impone restricciones de tiempo y reduce la producción de capacidades humanas. De ello resulta

un crecimiento inestable. En el régimen mutuo, el aumento de los salarios de las mujeres también es positivo para el crecimiento y la mayor participación en el mercado laboral incrementa la producción de capacidades humanas; así, el crecimiento y la reproducción social se refuerzan entre sí. En el régimen denominado de «explotación», la elevación de los salarios de las mujeres provoca una reducción del crecimiento; su mayor participación en el mercado laboral restringe el tiempo disponible y disminuye la producción de capacidades humanas. El crecimiento se basa en parte en la explotación del trabajo y los recursos humanos femeninos. Por último, en el régimen de restricciones salariales, el aumento de los salarios de las mujeres ocasiona una reducción del crecimiento, pero su mayor participación en el mercado laboral mejora la producción de capacidades humanas y se obtiene un crecimiento inestable.

En la segunda parte del artículo se agrupan los países según su estructura económica, su nivel de desarrollo y su estructura de provisión de bienestar social con el fin de examinar en cuál de los cuatro regímenes esquemáticos de crecimiento y reproducción social pueden clasificarse. El análisis busca conocer el modo en que un aumento de la igualdad de género en el mercado laboral afectará a los procesos globales de crecimiento, y qué tipos de limitaciones impone la estructura de reproducción social al potencial de crecimiento y desarrollo. Este análisis de políticas parte de la hipótesis de que el crecimiento, la reproducción social y la igualdad de género están interconectados de una forma que convierte al trabajo de cuidados en un factor determinante clave para los resultados de las políticas macroeconómicas, del crecimiento y del desarrollo. La reproducción social es fundamental para el crecimiento, y las circunstancias económicas y sociales en las que se produce influyen de un modo decisivo en la naturaleza de esta relación, al tiempo que trazan prometedoras sendas de cambio.

1.

INTRODUCTION

In this paper we develop a set of regimes that link structures of economic growth with those of social reproduction, with the latter defined in terms of the time and money it takes to produce, maintain and invest in the labour force. The analytical emphasis is on how the distributions of production and reproduction among women, men, the state and capital determine investment and growth, and how gender inequality is both cause and consequence of these relationships. We begin by developing a conceptual macroeconomic model of growth and social reproduction that gives a stylized set of regimes for how the two interrelate. We then link these regimes to groups of countries organized by economic structure and level of development, evaluating the consequences of a decline in gender inequality in the labour market.

It is important to note at the outset that our perspective is limited by our focus on economic growth. As a result, we are constrained by an analytical structure that values care and capabilities according to their roles in market production rather than, for instance, their central importance for well-being or an ethical society. But this framework contributes to a larger project seeking to integrate gender and care more fully into economic theory and policy. Growth analytics are certainly a key part of that.

2.

A MACROECONOMIC FRAMEWORK FOR SOCIAL REPRODUCTION

We begin by developing a conceptual framework for thinking about economic growth in ways that can explicitly accommodate processes of social reproduction and the dynamics of gender inequality. Though we stop far short of developing a formal mathematical model, we draw heavily from our prior work that does (Braunstein et al. 2011). We will try to avoid wading into the depths and distractions usually required to get formal models going and distil the main points into a stylized taxonomy of social reproduction and growth. But there may be some moments – particularly in the initial setup – when details seem to obscure more than they reveal. We will keep these to a minimum.

Our overall approach to the macroeconomy is what economists term ‘structuralist’ in that the distribution of income plays a central role in consumption, investment and growth, and the structure of the economy is an important determinant of how these interactions play out. Macroeconomic problems do not come from a deficiency of savings, as is the usual presumption in standard approaches, but rather a deficiency of investment and aggregate demand (Elson 2004). Firms operate with excess capacity, and changes in the short-run level of output change the degree of capacity utilization of the economy. Wages are set not by the marginal product of labour, as in neoclassical models, but rather via a social bargaining process between capitalists and paid workers.

One of the issues with structuralist models, a problem that applies to almost all macroeconomic models for that matter, is they tend to ignore the public sector. In our approach the public sector serves as a conduit for social investment, reflecting public preferences regarding the type and extent of public resources allocated to social reproduction. One could

also posit a role for government in mediating the rules and norms that structure relations between labour and capital (not always benevolently), with consequences for revenue and spending. This role is not, however, explicitly incorporated here.

Because of the central role accorded to inequality, structuralist models do offer promising ground for considering gender. However, only a handful of structuralist models explicitly incorporate gender, and among those that do, the focus is most often on the macroeconomics dynamics of gender-based wage inequality and female labour force participation in a development context.¹ By contrast, we incorporate unpaid work and care, and the implications of their gendered distribution, into a conceptual model of social reproduction that can accommodate a variety of economic structures and social welfare regimes.

¹ See, for instance, Ertürk and Çağatay (1995); Braunstein (2000); Fontana (2007); Blecker and Seguino (2002); Seguino (2010); Akram-Lodhi and Hanmer (2008).

Before presenting the model, we introduce how we portray the economic dimensions of care and social reproduction. We define care in both labour-process and output terms. In terms of labour process, care is a work activity that involves close personal or emotional interaction with those being cared for (Folbre 2006). In terms of output, care refers to services that are inputs into the production and maintenance of the labour force. Some forms of care are more direct than others, such as bathing a child versus fetching fuel wood for cooking. To some extent, all work could be categorized as indirect care in that its ultimate purpose is to enhance or support human life (*ibid.*). For the purposes of this discussion, however, care refers to either direct care services or indirect services that support care. Such a perspective emphasizes how essential indirect care services are for providing direct care, a particularly significant point for developing countries, where infrastructure and public services can be so limited (Razavi 2007). This conceptualization is similar to the notion of reproduction used by Marxist feminists, where the labour force is reproduced both in the long run in terms of preparing the next generation to enter the labour force as well as in the short run as the daily care given to paid workers to enable them to resume their paid work (Folbre 1994; Picchio 1991).

As an output and an input, labour has two facets: quantity (time) and quality (the productivity of that time), though we refer to both by using the term ‘human capacities’. To some extent, quantity and quality can be traded off with one another (Becker and Lewis 1973), but declines in fertility can be so large that increased quality cannot compensate. We draw capacities in the widest sense of the term and include a broad array of features that make human beings more economically effective, such as emotional maturity and self-confidence, as well as standard human capital measures, such as education and skills. As such, human capacities are a broader category than human capital, but like human capital they are defined in terms of how they serve economic growth. By contrast, the notion of human capabilities, as pioneered by Amartya Sen and used by the United Nations and others (including economists), more directly reflect well-being. Capabilities are normative standards and aspirations; capacities are strictly instrumental to growth. There is, of course, overlap

between the two concepts but we use the term human capacities to emphasize our exclusive focus on growth.

Human capacities are produced in the household sector using unpaid labour time and commodities.² In the short run, changes in human capacities production impact labour productivity rather than labour hours. An individual’s paid work time should depend on the extent of market demand for labour – either one can find a job or not. Productivity once at work, however, depends on the extent to which one is being supported and replenished at home, the day-to-day aspects of reproduction. In the long term, spending time or money on the production of labour, whether it results in higher fertility or labour productivity, is treated as investment rather than daily maintenance. Investments in human capacities – such as having another child, sending a child to school or volunteering at a community centre in ways that enhance social capital – raise future productive capacity (i.e., generate economic growth) in ways similar to building more plants and equipment, though investing in the future labour force is almost never treated as investment in macroeconomic models. As with conventional treatments of investment, investment in human capacities generates current aggregate demand as well as contributes to long-term economic prospects.

Gender norms around care are also important to discuss at the outset. Unpaid work and care have been understood by feminist economists as highly gendered activities with gendered meanings, asymmetrically distributed between women and men in both the paid and unpaid sectors (Badgett and Folbre 1999; Nelson and England 2002). Thus, economic analyses of unpaid work and care must be gender aware, as these activities impact the economic lives of women and men differently. For instance, women’s disproportionate share of unpaid work relative to men constitutes a stronger constraint on their participation in and gains from the market and the state. Women’s lower incomes and relative lack of power over public finance decisions contribute to this inequality. At the same

² In-kind care services are treated as commodities to the extent that their provision is mediated by the market (e.g., government workers providing free services to the public).

time, the gendered care components of paid work help to explain differences in male and female employment and wages, as described so well by Richard Anker (1998). We capture these divisions in the model by positing gender-segregated labour markets and women's association with paid care work. Both women and men contribute to the financial and time costs of providing care, however, just to varying degrees.

At its core, then, the model is about treating labour as a produced means of production. Primarily women

(but also men) carry out this reproduction process by doing both paid and unpaid work. A key goal is to differentiate between societies that care more and/or better than societies that care less. The reason could be social norms around intergenerational obligation that induce altruistic preferences; strong social welfare sectors that create highly skilled and well-paid jobs in the care sector; or, more likely, gendered ideals that encourage women to provide high-quality care for little or no pay. To set up this framework, we begin with the demand side.

2.1

The demand side

The demand side of the economy is driven by investment demand that, in the short run, raises demand for current output and, in the long run, raises economic growth by increasing productive capacity. In our model, investment is of two types: what we term physical investment undertaken by capitalists and human capacities investment undertaken by individuals and households.³ Funds for both types of investment are drawn from national income, which is split between capitalists (profit share) and workers (wage share). Because industries and occupations tend to be highly segregated by sex, we further disaggregate the wage share into the female and male wage shares.

Whether capitalists decide to invest depends partly on their expectations about the profitability of those investments – the rate of profit, defined as total profits as a proportion of the capital stock.⁴ Here is where things get a bit tricky but in an analytically important

way: the profit rate can increase even when the profit share declines because of how changes in output affect profit rates. If the wage share increases (meaning that the profit share declines), workers with more money to spend will increase aggregate demand and consequent output. If the positive effect of the increase in output (and total profits) outweighs the negative effect of the decline in profit share, increased wage shares can be associated with higher profit rates, more capitalist investment demand and higher growth. These types of economies, where increases in the wage share are associated with higher output and growth, are termed 'wage-led'. Their converse, where increases in the wage share are associated with lower output and growth are termed 'profit-led', indicating how a redistribution of income away from workers to capitalists will raise economic growth.⁵

3 Physical investment includes investment in fixed capital as well as that which results in technological change – one might think of technological change as endogenous to the processes of physical investment. In this paper we focus on demand-side constraints in social reproduction terms, but it is important to emphasize that growth also comes from capitalist investment (the standard source of growth in growth models).

4 The relationship between expected profit rates and actual investment is conditioned by what Keynes termed "animal spirits", a sort of "spontaneous urge to action" that is built on widely acknowledged but poorly understood waves of market confidence and panic. For more on this point, see Braunstein et al. (2011).

5 Strictly speaking, to get to this point we need to say something about savings. On the demand side, macroeconomic equilibrium means that the investment desired by investors equals that supplied by savers (both domestic and foreign). Because investment is both the binding constraint and the mechanism for social reproduction on the demand side in our framework, we do not give further details on savings dynamics. But there might be some interesting gender dynamics to consider at some point in the future. Erturk and Cagatay (1995) propose that increases in the intensity of women's unpaid work in the household raises savings rates. Seguino and Floro (2003) find that, for a group of semi-industrialized countries, higher incomes and more bargaining power for women are associated with higher aggregate savings rates.

Setting that point aside for the moment, we turn to investment in human capacities. Rather than centre their decisions on expected profit rates, individuals invest in themselves and others based on expectations about future economic opportunities. Higher wage shares boost those expectations, as does more current economic activity as measured by output. The pathway from expectations about future opportunities to actual investments in human capacities is governed by what we term ‘caring spirits’: the tendency – whether determined by social norms, individual motivation or public preferences as reflected in the structure of the social welfare state – to provide care (or support for care) for oneself and others in ways that add to current aggregate demand and future economic productivity.

We differentiate between two types of caring spirit regimes: those with ‘strong’ caring spirits versus those with ‘weak’ ones; we also alternatively refer to the strong/weak dichotomy as altruistic/individualistic to emphasize the difference between other-directed and self-oriented preferences. The extent of public involvement in expressing these preferences, and the social and political processes that guide it, are significant issues. Feminists have emphasized how state support for care, and whether need or provision of it is treated as a social right, are important correlates of gender inequality (Daly 2011). In an analysis of care policies in Western Europe, Daly (2001) differentiates between ‘caring’ and ‘non-caring’ States, with the former treating high-quality care as a part of social citizenship and the latter exercising few policy interventions around care, leaving it to families and markets. Though we do not deal with how care is delivered – public or private, family or market, women or men – on the demand side, we do so in the next section on the supply side. Still, it is likely that the institutional structure of care delivery is a determinant of the relationship between human capacities investment and growth, with public investment in care more closely associated with strong caring spirit regimes.

Getting back to the dynamics of human capacities investment, we argue that, all else being equal, changes in expected opportunities will have a bigger impact on investment in human capacities in altruistic societies than in individualistic ones. The reason is that, relative to individualistic societies, societies with strong caring spirits tend to spend more of their care finances and time in ways that enhance the ability of household or community members to take advantage of future economic opportunities through, for instance, education or job training for the disabled. When wages or output decline and expected opportunities worsen, these sorts of investments decline as well, especially in altruistic societies where care resources get reallocated from long-term investment to countering the short-term effects of economic decline and wage squeeze by, for example, attending to the emotional stress of unemployment or compensating for declines in public health expenditures or other public goods. This sort of public disinvestment in human capital and the consequent pressure on the unpaid care sector has been a frequent criticism of structural adjustment (Elson 1995). The same dynamics are at work when fertility rates decline during economic recessions (Sobotka et al. 2011). The net result is that the responsiveness of investment in human capacities with respect to changes in expected opportunities is higher in altruistic societies than in individualistic ones.

Cast in the context of growth, the stronger the caring spirits, the more likely that economic growth is wage-led. The reason is that higher wages increase not only consumer demand but also demand for investment in human capacities. In fact, even if the increase in consumer demand is not enough to completely offset the negative impact on the profit rate of a decline in the profit share, higher wages could spur such a large increase in human capacities investment that total investment (capitalist investment plus human capacities) could still be positive.

BOX 2-1

Measuring caring spirits

Given this complex theoretical story, it is useful to pause and consider how we might actually measure caring spirits using available data. Here we provide an example of one possibility – the non-income human development index (HDI), which includes measures of achievements in health and education.⁶ We contend that countries with strong caring spirits, where investments in well-being are a central cause and consequence of economic activities, would also be top performers in terms of positive changes in their non-income HDIs. An alternative (and probably better) proxy might be child and elderly poverty rates in combination with some measure of economic mobility. These more directly reflect how the social structures of reproduction manifest in public and private preferences and capabilities. But we use the non-income HDI because it proffers a consistent time series for a large number of countries.

The methodology we use for measuring caring spirits is straightforward. Countries are categorized into one of three groups according to their 2010 per capita income: low and low middle income, middle income, and high income.⁷ We split the sample this way because higher-income countries tend to have higher human development, all else equal. We then add a trendline for the group that predicts the change in a country's non-income HDI given its level in 1990 and the performances of the other countries in its income group between 1990 and 2010. Figures 2-1A, B and C illustrate the results. Countries that are above the line had a larger than predicted increase in their non-income HDIs over the period while countries below the line had a smaller than predicted increase. As for what constitutes having 'strong' caring spirits, we simply list those for which the increase in the non-income HDI is greater than one half of one standard deviation above its predicted value. Those with 'weak' caring spirits demonstrate the opposite – the change

in non-income HDI is greater than one half of one standard deviation below its predicted value.

This is, of course, a completely relativist exercise in that, by construction, the deviations above the trendline counterbalance the deviations below. But it is instructive in that it shows how a wide variety of institutional arrangements and rates of economic growth can be consistent with different levels of investment in human capacities as measured by achievements in health and education.

Figure 2-1A shows that a number of Central American countries demonstrate strong caring spirits, starting and ending the period with relatively high levels of non-income HDI despite a diversity of income levels. Conversely, Rwanda and Yemen made the strong caring spirits list largely because they began the period with such low levels of human development (though the trendline does control for initial levels, one imagines it is fairly 'cheap' to boost human development on this side of the distribution). A number of the countries in the weak caring spirits list have been plagued by ongoing political turmoil and war, making investments in human capacities difficult to conduct.

In Figure 2-1B of high middle-income countries, three Latin American countries make it to the high caring spirits list, with another five above the trendline. If we drop Botswana, Namibia and South Africa (all of which have high mortality as a result of AIDS-related deaths) from the sample – since the poor human development performance in these three countries is exerting a lot of influence over the placement of the trendline – the trendline gets steeper and the overall fit is much better.⁸ Argentina makes it to the strong caring spirits list and Turkey and Venezuela drop off (though they are still above the trendline). Mauritius and Thailand are added to the weak caring spirits list. Though country placement above and below the trendline does not change very much as a result of this exercise, it does indicate that defining reference groups and thresholds are processes that require careful thinking.

6 Achievements in education are measured by mean years of schooling for adults older than 25 and expected years of schooling for children entering school; achievements in health are measured by life expectancy at birth (UNDP 2013).

7 Low and low middle-income countries are grouped together to give a sample large enough to conduct the analysis.

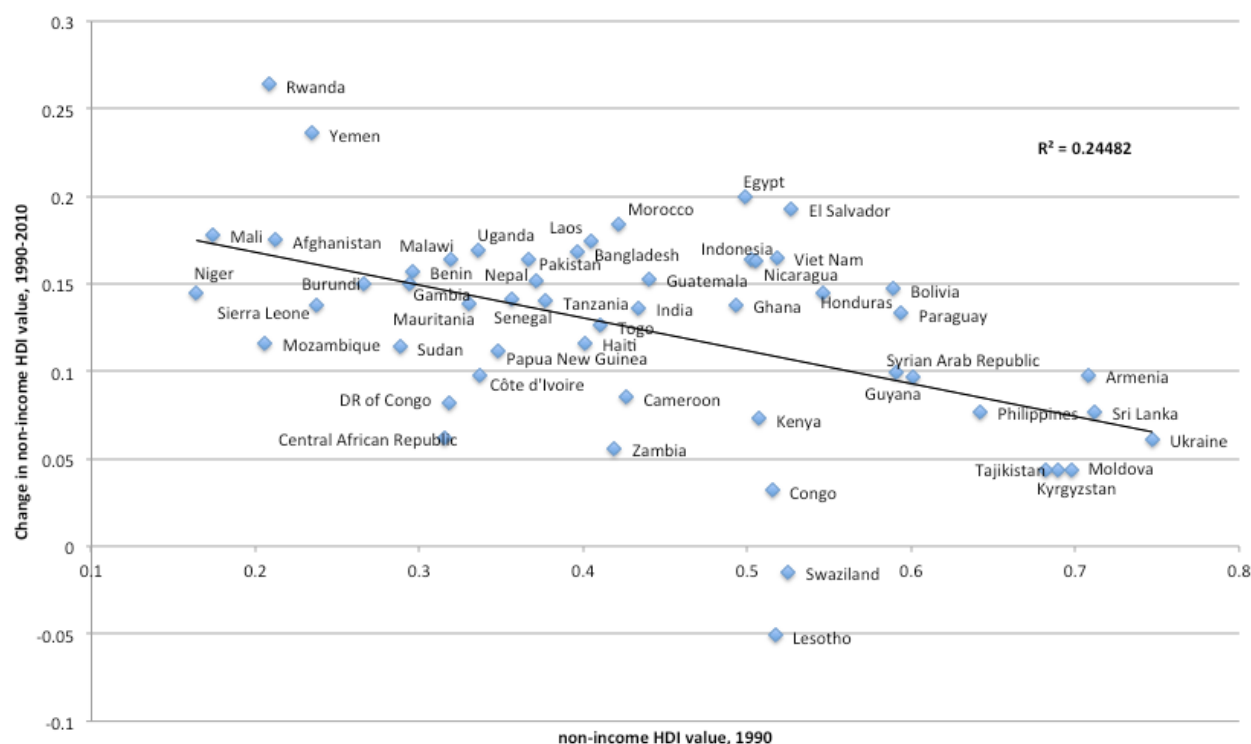
8 The R-squared increases to 0.39.

In Figure 2-1C, the strong caring spirits list is dominated by European countries, followed by East Asian newly industrialized countries that have made significant investments in health and education (Republic of Korea and Singapore). On the weak caring spirits side, we have the more liberal economies of Australia, Canada and the United States, the Middle Eastern oil-exporters Bahrain, Kuwait and Qatar, as well as Cyprus, the Russian Federation and Uruguay. That Italy and Spain, with largely familial models of welfare provision, make it to the strong caring spirits list, while the model social welfare states of Denmark and Finland do not even place them above the trendline, is surprising but instructive. All we measure here is

relative achievements in health and education as reflected in the non-income HDI. Institutional features of social welfare delivery, such as the extent of gender inequality in the provision of care, are captured on the supply side of the model. All we can say, based on this analysis, is that relative achievements over the past two decades in these aspects of human development have been greater in Italy and Spain than in Denmark and Finland. As of 2010, these four countries had similar non-income HDIs: Denmark 0.921, Finland 0.91, Italy 0.91 and Spain 0.915. Italy and Spain covered more ground over the prior 20 years, with much greater positive changes, to simply reach the high levels already established in Denmark and Finland.

FIGURE 2-1A

Human development and caring spirits, 1990–2010 Low and low middle-income countries

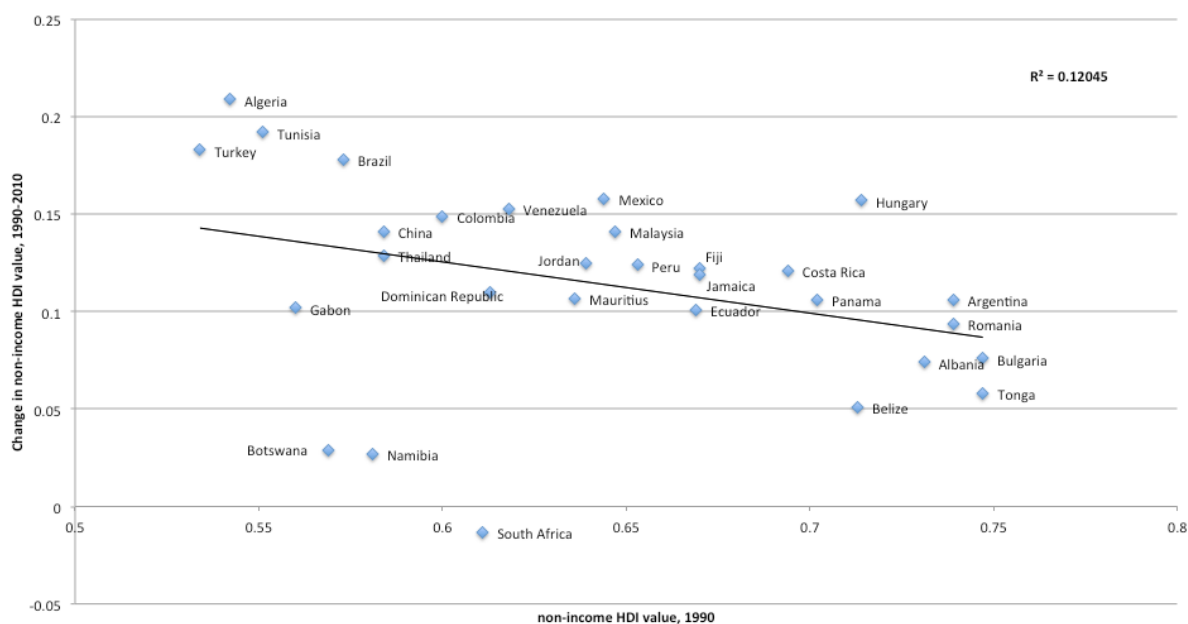


Source and notes: Author's calculations based on non-income HDI data from UNDP. Countries are categorized as having strong caring spirits if their non-income HDI increase is greater than one half of one standard deviation above its predicted value and weak caring spirits if their non-income HDI change is greater than one half of one standard deviation below its predicted value.

Strong caring spirits: Bangladesh; Egypt; El Salvador; Guatemala; Honduras; Indonesia; Lao People's Democratic Republic; Morocco; Nicaragua; Paraguay; Plurinational State of Bolivia; Rwanda; Viet Nam; Yemen

Weak caring spirits: Cameroon; Central African Republic; Congo; Democratic Republic of Congo; Côte d'Ivoire; Kenya; Kyrgyzstan; Lesotho; Mozambique; Niger; Republic of Moldova; Sudan; Swaziland; Tajikistan; Zambia

FIGURE 2-1B
High middle-income countries

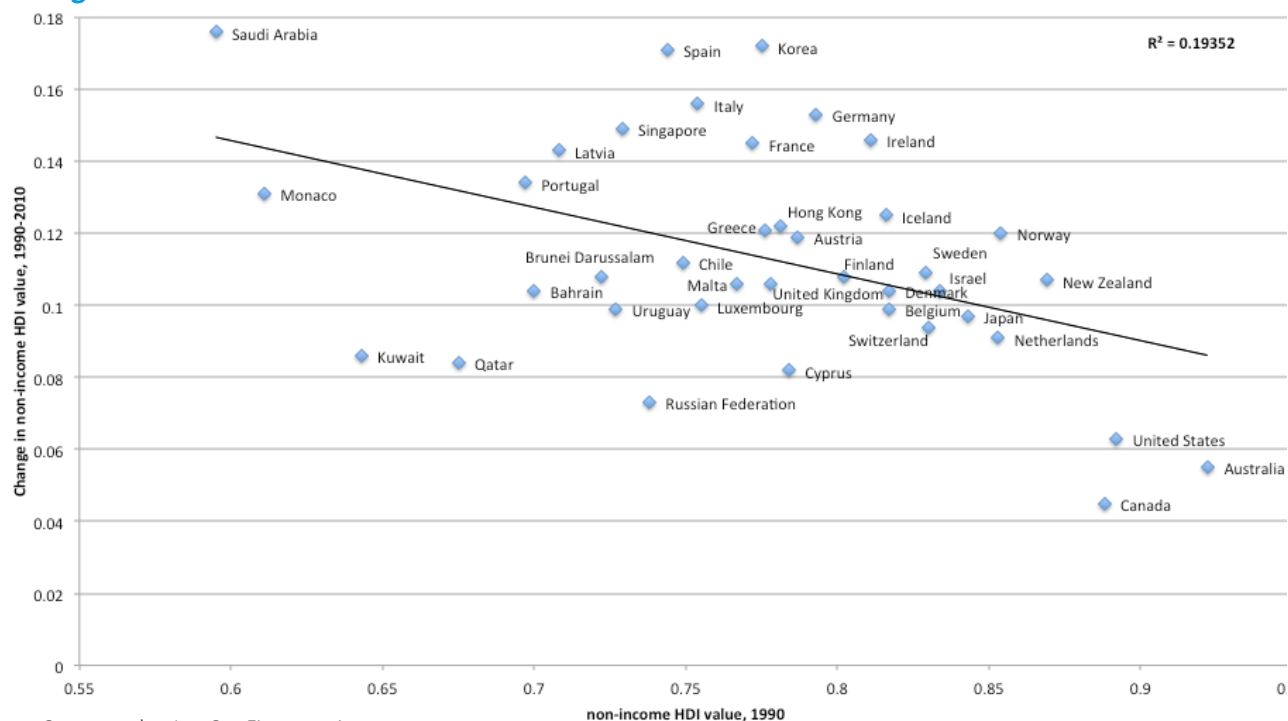


Source and notes: See Figure 2-1A.

Strong caring spirits: Algeria; Belize; Brazil; Hungary; Malaysia; Mexico; Tunisia; Turkey; Bolivarian Republic of Venezuela

Weak caring spirits: Belize; Botswana; Gabon; Namibia; South Africa; Tonga

FIGURE 2-1C
High-income countries



Source and notes: See Figure 2-1A.

Strong caring spirits: France; Germany; Iceland; Ireland; Italy; Latvia; Norway; Republic of Korea; Saudi Arabia; Singapore; Spain

Weak caring spirits: Australia; Bahrain; Canada; Cyprus; Kuwait; Qatar; Russian Federation; United States; Uruguay

TABLE 2-1
Demand and growth

Wage-led/Altruistic	Profit-led/Individualistic
Explanation	
Higher wage share is expansionary: The positive impact of increased consumer demand, combined with increased investments in human capacities, outweigh the contractionary impact of the decline in the profit share.	Higher profit share is expansionary: The positive impact of increased capitalist investment demand outweighs the negative impact of lower wages on consumer demand and human capacities investment.
Factors that make this scenario more likely	
Strong caring spirits	Weak caring spirits
Domestically oriented economy	Globally oriented economy
Developmental macro policy	Neoliberal macro policy

In addition to caring spirits, the wage- versus profit-led dichotomy also partly depends on the extent and type of globalization. The typical pathway in these sorts of models is through net exports: higher wages are associated with a loss of international competitiveness and an increase in the relative affordability of imports. Thus, the more globally integrated the economy, the more likely these leakages will dominate and growth will be profit-led. Since women and men may be segregated into differentially globally-exposed sectors, economies may be profit-led in terms of female wages and wage-led in terms of male wages, though the incorporation of investment in human capacities decreases the size of this wedge.⁹ Outside of net exports, other aspects of global integration and policy also raise the likelihood that growth is profit-led. Higher capital mobility means that capital is more likely to leave than make productivity-enhancing investments when faced with higher wages. A shortage of foreign exchange, of the type that is occasioned by weak export performance or substantial capital outflows, makes it more difficult to service foreign debt and purchase international technologies and capital goods. The increased economic volatility that often comes with globalization and financialization render all types of investment – human and not – more expensive and risky.

⁹ This difference in the relationship between female and male wages and growth in the context of globalization builds on the insights of Seguino (2000), who made the observation in the context of semi-industrialized economies that specialize in labour-intensive exports. It is not a general conclusion on the impact of gender-based wage inequality and growth but one that is grounded in economic structure, the nature of exports and gendered labour market segregation. For a recent empirical debate on these issues, see Schober and Winter-Ebmer (2011) and Seguino (2011).

Neoliberal macroeconomic policies, high interest rates, appreciated real exchange rates and restricted government spending associated with inflation-targeting and macroeconomic management in many economies (partly as a response to the current era of globalization) tend to magnify all of these effects, as well as discourage public investments in human capacities. In sum, the more significant the global economy is relative to the domestic economy, the more volatile its effects, and the more neoliberal the policy menu used to manage those relationships, the more likely that the growth regime is profit-led.

Table 2-1 summarizes these contrasting demand regimes. We have discussed all of its components with the exception of developmental macro policy, the converse of the neoliberal version. We use the term ‘developmental macro policy’ to refer to policies designed to do more than just maintain price stability. Maintaining competitive real exchange rates, using monetary and fiscal policies to generate high-quality employment, and the judicious use of capital controls are all examples of macroeconomic policies that directly promote development and growth with equity. They also increase the likelihood that higher wages are consonant with more growth. Though beyond the scope of the present paper, many extensive and thoughtful discussions of these issues abound.¹⁰ Looking back at Table 2-1, in the discussion that follows, we emphasize the difference between altruistic and individualistic regimes. But the differences in global orientation and macroeconomic policy will feature prominently as well.

¹⁰ A good compendium can be found in Ocampo and Jomo (2007) and Epstein and Yeldan (2009). For a gender-aware view, see Seguino and Grown (2006) and Elson (2007).

2.2

The supply side

The supply side of the model is constituted by interaction among three different spheres: the labour market, the product market and the production of human capacities in the household sector. For the purposes of the conceptual framework, we focus on the household sector, where the maintenance and production of human capacities takes place. We begin, however, with a summary sketch of labour and product markets.

Labour and product markets are characterized by a division of labour between women and men. In general, we link female labour supply with the provision of direct and indirect care services in the market, but the significance of this sector as a source of employment for women and a determinant of human capacities production will ultimately vary based on economic structure. The parallel pattern of men's employment will also, of course, vary by economic structure, but our focus on social reproduction and the space limits of this paper necessitate that most of the economic forces we discuss are driven by changes in the structure and status of women's employment.

Wages are determined via a process of bargaining that occurs between paid workers and their capitalist employers, a process that results in labour's bargaining power (and wages) rising along with output. This relationship is a stylized one. It does not mean that everyone works in a capitalist firm but simply that as capacity utilization increases and unemployment declines, worker incomes tend to increase. Of course, the ability of workers to successfully translate tighter labour markets into higher wages is closely linked with a variety of labour market institutions as well as gender. Women's collective bargaining power vis-à-vis capital is presumably lower than men's, a point consistent with the prevalence and persistence of the gender wage gap across all sorts of economies. Low wages are a particularly vexing issue in paid care sectors, where workers are not only predominantly female but are also paid less than other types of workers with similar skill levels (Budig and Misra 2010; England et al. 2002). From a development perspective, if women are concentrated in the types of paid work

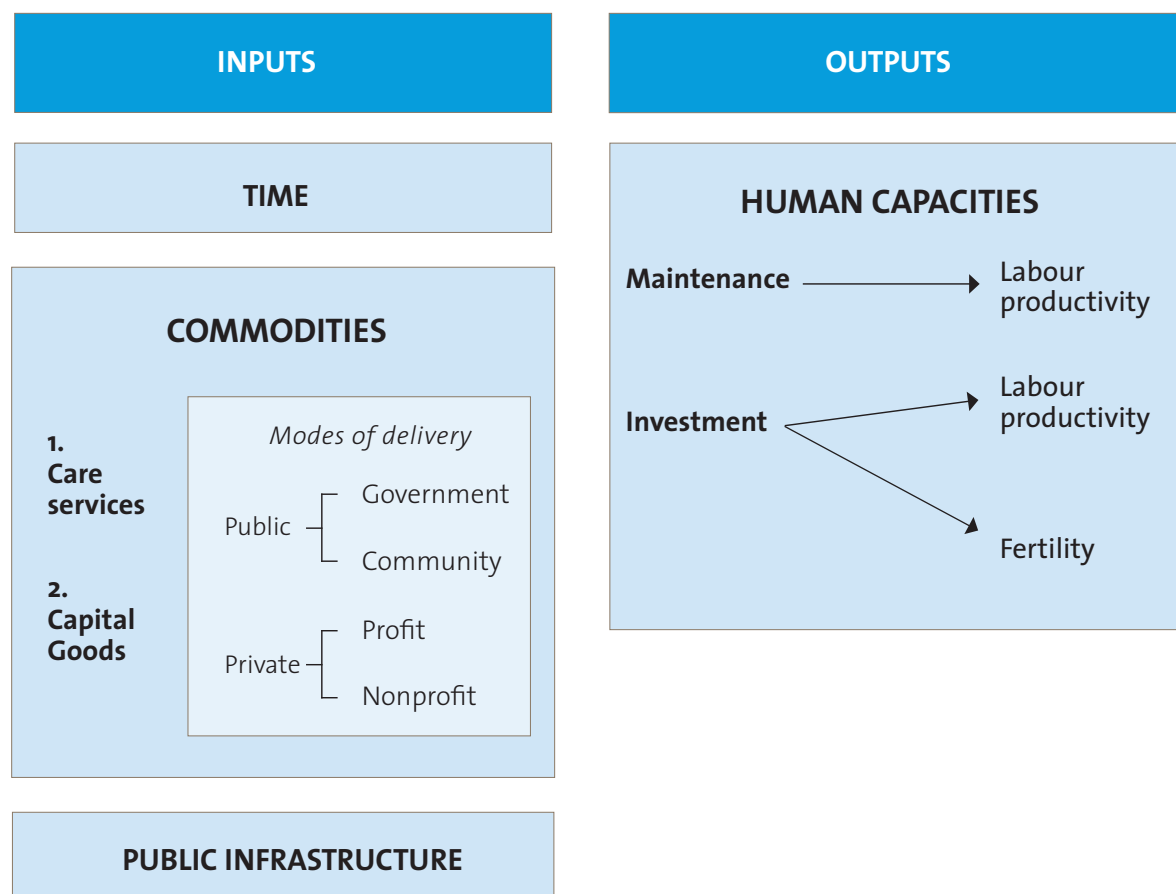
where the prospect of bargaining for higher wages does not really exist – such as doing piece rate work at home, marketing the family's agricultural goods or being a paid domestic worker – higher growth may induce little change in women's individual earnings.

Getting back to the conceptual framework, the wages that emerge from conditions in the labour market, combined with labour productivity as determined by the state of human capacities, specify the costs of production. Capitalists then determine profit share by marking up prices over these costs, a decision constrained by demand conditions. We can begin to see some of the contradictory forces at work in the system: higher wages for women are desirable from the perspective of gender inequality, but they may also raise the price of care and put pressure on reproduction. At the same time, buoyant demand for paid care from either the private or public sectors is key to supporting higher wages for care workers.

Turning now to the production of human capacities in the household sector, we can think of this process in terms of a social reproduction function situated in the household to which communities, markets and the state may contribute. This placement is not intended as limiting social reproduction to a particular physical location but rather as establishing a perspective from which to draw a variety of factors together. In this sense, the household is an entry point into the system as well as a key location for social reproduction, one corner of Razavi's (2007) "care diamond" from which we can explore others. Figure 2-2 serves as a visual guide for the discussion. Inputs into the social reproduction function are of three types: time, commodities and infrastructure.¹¹ They are combined to produce human capacities, which in the short term refer to the daily maintenance of the labour force and in the longer term to investments in both quality and quantity.

¹¹ Commodities are defined as goods and services that pass through the market. Even where the household receives in-kind services that it does not directly pay for, these services are paid for by others (e.g., governments or non-governmental organizations) and hence are treated as commodities in the model.

FIGURE 2-2
The social reproduction function



On the input side of the social reproduction function, we begin with non-market time. Women, men, children and networks of kin or community may all be important contributors of unremunerated time into social reproduction. We also know, however, that women perform the bulk of unpaid household work whether or not they also participate in paid work (Budlender 2008; Charmes 2006; Folbre 2006). Because we concentrate on gender inequality, the division of labour between women and men as well as, eventually, women and the state, centres the analysis.¹² Labour supply is the result of intrahousehold negotiations: women and men bargain over the time each will spend on reproductive labour by weighing its opportunity cost, namely the wage each could

earn in market activities, along with social norms, individual objectives and the family's provisioning needs.

That women's wages are systematically lower than men's means, all else equal, that women will contribute more unpaid time to household work. But independent of the wages on offer, social norms might discourage women's market work or condition them to be strongly time altruistic, lowering the responsiveness of female market labour supply to wages. Legal rules that ensure long parental leaves from employment have been associated with lower female wages because of the frequent career interruptions among mothers that use them and persistent identification of women with caring labour

¹² There are also other forms of inequality that influence the distribution of the costs and benefits of care such as class, nationality, race, ethnicity or age.

(Gupta et al. 2008).¹³ Regardless of the differences in their responses to wages, if women or men spend less time at home, human capacities production may suffer. Just how much depends on the structure and productivity of that unpaid labour time, involving factors like skill, motivation, the availability of care-related commodities and, of course, the state of one's own human capacities (tired caregivers are usually less effective ones).

The second set of inputs, commodities, are financed by income from work or public and private transfers. They include direct and indirect care services and capital goods such as stoves, refrigerators and washing machines. Financing the monetary costs of social reproduction is a gender issue touching on two key questions: what proportion of incomes is devoted to reproduction (from women and men directly or indirectly via taxes or charitable contributions that support reproduction); and what these contributions actually purchase. Like decisions about time, these financial decisions are the result of intra-household bargaining, though they also reflect social bargaining over the size and structure of the social welfare system. Therefore, the impact of income on human capacities depends not only on how much is earned and spent but also on what is purchased and whether these commodities provide good substitutes or complements for unpaid care time. Think of professionalized and well-paid versus informal and underpaid care sector workers, purchasing a refrigerator versus a television set, or devoting public funds to the provision of childcare services versus expanding national defence. All of these arguably contribute to social reproduction, just to varying degrees and in ways that reflect gender.

Modes of delivery of care commodities determine these issues as well. Whether goods and services are provided through primarily public or private channels, by government, community or for-profit institutions relates to both their quality and price as well as affecting the gender division of reproductive labour.

¹³ This is not to argue that parental leaves are bad public policy, just that it is women who tend to take them, and when the leaves are long women experience systematic labour consequences that are correlated with their gender.

Higher market participation among Nordic mothers compared to other Western countries is associated with high quality publicly provided preschool (Gupta et al. 2008; OECD 2012b). In countries such as France and Germany, providing cash subsidies directly to families to help defuse the cost of care commodities resulted in the growth of a low-skilled and low-wage care sector (Razavi and Staab 2010). When public care services rely on volunteers, as they do in a number of low and middle-income countries, pay is low, quality questionable and few women increase their work participation as a result (*ibid.*). Modes of delivery are thus not merely a technical detail; they also fundamentally shape the gender content and consequences of the marketization of care.

The last input, public infrastructure, refers to goods such as roads, electricity, sanitation and water that decrease the opportunity cost of market work, mostly by lowering the time intensity of care work by women but also by lowering the price and increasing the availability of care commodities (Agénor and Agénor 2009). It is an often-neglected aspect of the relationships between social reproduction, gender inequality and growth but a key determinant and outcome of the gender system.

Taken together, the production of human capacities in the household sector, combined with the determination of wages, prices and profit shares in the labour and product markets, constitute the supply side of our conceptual model. There are many analytical avenues one can venture down using this set of relationships, but for the task set in this paper we stylize two different supply regimes that reflect the gender distribution of social reproduction: low road versus high road. The key difference between the two is that in the low road regime, higher female labour force participation is associated with a decline in human capacities production, while in the high road regime, increased female labour force participation also increases human capacities production.

In the low road regime, the negative association between human capacities production and female labour force participation is driven by low wages and poor working conditions for women in general and

care sector workers in particular, set against a backdrop of little public support for social reproduction.¹⁴ Low wages for women mean, on the one hand, that they can ill afford to purchase care commodities to compensate for the decline in the nonmarket work time that market participation induces (we will discuss male contributions in a moment). It also suggests that the care commodities they do purchase are likely to be inferior substitutes for unpaid time, as the quality of these commodities reflects the poor labour market conditions in which they are produced. Low wages for care workers have been linked with higher rates of turnover, deskilling and increasing overall work burdens for women, all of which lower their effectiveness at providing care (Appelbaum and Leana 2011; Razavi and Staab 2010).¹⁵ Weak demand for care services, both from workers who can ill afford them and paltry public provision, keep their prices – and the wages of these workers – low.

Other factors that increase the likelihood of the low road scenario include significant out-migration of adult household members who will no longer be able to contribute any time to social reproduction (though they may make up for some of that through financial contributions) and poor infrastructure for reproductive work. The net result from an aggregate supply perspective is that expanding market production and increasing women's labour force participation threaten profits because the potentially higher profit share spurred by more economic activity is outweighed by the decline in human capacities production. This decline manifests in the short run as lower labour productivity but in the longer term as decreased investment in human capacities, including possibly fertility decline, an issue that plagues a number of

advanced industrialized economies with weak public supports for child-rearing.¹⁶

Conversely, the high road regime is characterized by the opposite: higher female labour force participation is associated with increases in human capacities production. Strong care sectors, occasioned by good wages for care workers and lots of public and private demand for care services, underlie a sort of virtuous cycle. Commodities serve as effective substitutes and complements for declines in women's unpaid labour time with marketization, perhaps also making it possible for women to reorganize their unpaid labour time in ways that actually raise its efficiency. Less time taken up by indirect care services frees up time for work and direct care, potentially increasing human capacities production and investment. Good infrastructure for reproductive work reinforces these positive relationships. While it is true that the higher wages and taxes that pay for the high road do press on the profit share, the higher prices supported by strong demand and increases in labour productivity more than compensate. Thus, in the high road supply regime, higher output and female labour force participation are associated with a higher profit share.

So far we have focused on female labour force participation and the fortunes of (primarily female) care sector workers. But both women and men contribute time and money to social reproduction, either directly or indirectly through taxes and charitable contributions. How they split these responsibilities is correlated with whether the high or low road regime prevails. The more that women and men share the time and financial costs of care, the more likely that increases in female labour force participation and output will increase the production of human capacities by more than it will cut into profits and

14 Indeed, low wages for care workers and weak public provision are empirically correlated with one another across a variety of countries (Budig and Misra 2010).

15 Razavi and Staab (2010) is an introductory overview of a special issue of the *International Labour Review*, a collection of articles on a wide variety of countries and the working conditions of their care workers.

16 The question of the relationship between female labour force participation and fertility is a tricky one because of their mutual causality. The typical story is that higher female labour force participation is associated with lower fertility, but this result partly depends on the extent of public supports for the reproductive work of women involved in paid work. For instance, the high fertility and low female employment in Ireland or the high fertility and high female employment in Scandinavian countries can be linked to differences in the structures of their social welfare systems (Esping-Anderson 1996).

the more likely the high road case will be. The simple reason is that the time and financial burdens of social reproduction are spread among more contributors, so increasing female labour force participation can be counterbalanced by supports in the family, community and state. The more complex reason involves how wages and prices change in ways that support more human capacities production when both women and men devote resources – both private and public – to it. We call this the gender egalitarian (GE) case. Note that gender egalitarianism is also reflected by a number of factors associated with the high road: smaller gender wage gaps (to the extent they stem from good wages for women as opposed to low wages for men), an extensive and high quality market care sector, lots of public provision of care services, and good reproductive infrastructure.

By contrast, in cases where men contribute very little to social reproduction in terms of either time or financing (directly or via payments to the state or other organizations), the more likely the low road case prevails and women's market participation is

associated with decreases in social reproduction and profit share. We call this the feminization of responsibility and obligation (FRO) case, borrowing a term developed by Sylvia Chant (2006) to replace the concept of feminization of poverty. Her intent was to emphasize women's increasing responsibility for maintaining their families' well-being, and women's lack of choice in doing so, an apt reflection of the increasing share of reproductive and economic responsibilities borne by women in the low road case. Parallel to the high road regime, the contributing factors of the low road regime are associated with the type of gender system that leads to a feminization of responsibility and obligation: low wages for women as reflected in a large gender wage gap, little support from men or the state in carrying out social reproduction, and limited markets for care commodities that, when they do exist, are characterized by low pay and poor quality output. Table 2-2 summarizes the main features of the low and high road supply regimes.

TABLE 2-2
Supply and distribution of social reproduction

Low road:	High road:
Feminization of responsibility and obligation (FRO)	Gender egalitarian (GE)
Explanation	
Increasing output and female labour force participation is associated with declines in human capacities production, ultimately lowering profits.	Increasing output and female labour force participation is associated with increases in human capacities production and higher profits.
Factors that make this scenario more likely	
Low male contributions to social reproduction	Significant contributions to social reproduction by both women and men
Large gender wage gaps	Small gender wage gaps
Limited and/or low quality market care sector	Extensive and high quality market care sector
Little public provision of care	Strong public provision of care
Poor reproductive infrastructure	Good reproductive infrastructure

BOX 2-2

The low road social reproduction strategy of the United States

The United States demonstrates many features of the low road and feminization of responsibility and obligation summarized in Table 2. In this discussion we focus on caring for children, but many of our points can be extended to caring for the elderly, sick and disabled.

Women's responsibility for social reproduction. Women bear most of the responsibility for the time costs of children and an increasing share of the monetary costs, as reflected in rising rates of single motherhood and the lack of public support for childrearing. The United States has a relatively high female labour force participation rate among mothers. About two thirds of women with preschool-aged children and three quarters of those with school-aged children work for pay. In households with two parents, mothers spend about twice as much time caring for children as fathers, whether they work for pay or not (Parker and Wang 2013). Though most children live with both parents, an increasing proportion live with lone mothers. In 2012, 24.4 per cent of children younger than 18 lived in lone mother households, up from 11 per cent in 1970.

Gender inequality in the labour market. The gender gap in median earnings of full-time employees, at 18.8 per cent in 2010, is among the highest in the advanced industrialized economies. The median for the 28-country Organisation for Economic Co-operation and Development (OECD) is 14.3 per cent; the United States ranks 7th from the bottom. One of the results is that poverty rates for single female-headed households are extremely high, reaching 34 per cent in 2011. In terms of the dynamics of the low road, gender inequality in the labour market means that when women do work for pay, whether they parent with partners or alone, it is financially challenging to replace their unpaid care work with high quality substitutes. It also means that becoming a mother, especially a lone mother, increases the risk of poverty as the financial and time demands of the household increase simultaneously.

The poor state of the childcare system. In a recent New Republic article entitled "The Hell of American Day Care", journalist Jonathan Cohn (2013) documents the poor state of the US childcare system. For

instance, a recent survey of care quality found most childcare operations to be either 'fair' or 'poor', with only 10 per cent identified as providing high-quality care. Regulation is generally limited and not well enforced, and only a minority of those surveyed met recommended standards (e.g., for caregiver-to-infant ratios). Education and training requirements for childcare workers are low, and the pay is rarely much more than other low-skilled service workers: the median annual salary for a childcare worker is less than that of a parking lot attendant or janitor. Despite the low pay, financing childcare is a significant challenge for most families with, for instance, day care being more expensive than rent in 22 states.

Limited public resources for care. There are few public resources available to help defray those costs for families. Combining the value of tax breaks, direct services and cash grants, public spending on family benefits was only 1.2 per cent of gross domestic product (GDP) in 2009, compared to an OECD average of 2.6 per cent and a Western European average of 3 per cent. Focusing on direct public supports for childcare, the United States spent only 0.4 per cent of its GDP on childcare and pre-school in 2009, quite low relative to the 0.7 per cent average for the OECD as a whole. Going back to Cohn, he sums up the lack of public support for childcare: "The United States has always been profoundly uncomfortable with the idea of supporting child care outside the home, for reasons that inevitably trace back to beliefs over the proper role of women and mothers. At no point has a well-organized public day care system ever been considered the social ideal." (Cohn 2013: 24)

Measuring the results. One of the starkest pieces of evidence of the low road is the tremendously high rates of poverty among children in the United States. Using a poverty threshold of 50 per cent of the population median, children younger than 18 had a poverty rate of 21.6 per cent in 2008 compared to 12.6 per cent for the OECD as a whole and just 5.5 per cent among Nordic countries.

Data sources: Blau et al. (2010); the U.S. Census Bureau; and the OECD Family Database and the OECD Employment Database, June 2013.

The regimes of Table 2-2 are contrasting categories of a fluid continuum. Individual economies may have features of each regime that render them somewhere in between the two poles. For instance, in addition to the GE and FRO cases, there is also the ‘traditional’ case, where men contribute primarily financing and women contribute primarily time to social reproduction. This structure most often reflects family systems centred around paternal power and the conjugal bond, embedded in cultural

rules that prescribe male authority over as well as responsibility for the protection and provisioning of women and children (Kabeer 1994). What happens in these sorts of societies when female labour force participation increases, and traditional family structures and divisions of productive and reproductive labour undergo change, depends on private and public decisions of the sort that set economies on either a high or low road path. Box 2-3 discusses one such transition in Taiwan.

BOX 2-3

Transitioning out of a traditional distribution of social reproduction in Taiwan

In Taiwan, strong patriarchal traditions and inter-generational obligations created high degrees of intra-family stratification based on gender and age, with unmarried daughters the lowest class in the family hierarchy (Greenhalgh 1985). The early years of Taiwan’s export-led boom were fuelled by the entry of these women into export factories. In the 1970s, when Taiwan faced labour shortages, a state-sponsored satellite factory system made industrial work more consistent with traditional female roles, enabling increases in the labour supply of wives and mothers (Hsiung 1996). This sort of structural flexibility relative to women’s work and family roles is a feature that persists in Taiwanese labour markets today, and dovetails with expectations that women contribute financially to their families (Yu 2009). As a consequence, increases in female labour force participation have been large and sustained, going from 35.5 per cent in 1970 to 44.5 per cent in 1990 and 50.2 per cent in 2012.¹⁷ Compared to other East Asian economies, which typically have some of the largest gender wage gaps in the world, women in Taiwan experience a gender wage gap closer to the norm for liberal advanced industrialized countries: the gender wage ratio for average monthly earnings in industry and services was 81.2 in 2012.

From a distribution of social reproduction perspective, Taiwan illustrates the tensions for social reproduction as women’s paid work participation

increases and the traditional sexual division of labour is challenged. Let us consider whether these dynamics have drawn Taiwan closer to the low road/feminization of responsibility or high road/gender egalitarian case. While childrearing in marriage is the predominant norm, and fathers help financially support the family, Taiwanese men contribute very little time to domestic labour (Yu 2009: 19). And while Taiwan and its East Asian neighbours are known as having strong developmental welfare states that have successfully built up the human capital of their labour forces in service to the needs of economic growth, there is very little public provision of care outside of investments in education and health (Kwon 2005; Pierson 2004; UNRISD 2010). A legacy of income equality and limits on immigration have meant that working women cannot rely on a supply of lower-income rural or migrant women for help with care. The care sector is small, market-based and largely unregulated; most parents depend on older kin for help when they need it (Budig and Misra 2010; Yu 2009). For instance, in 2006, among married women of child-bearing age, the following childcare arrangements prevailed: 66 per cent had no outside help, 26 per cent depended on relatives and the remaining 8 per cent depended on nannies, foreign servants and nurseries combined. In sum, then, as Taiwanese women have increased their labour force participation and financial contributions to the family, the obligations taken on by men and

¹⁷ These figures include all women aged 15 and older.

the state remain largely traditional in nature. This amounts to movement more towards the low road than the high road case, a sort of traditional regime with low road characteristics.

One of the results has been a marked increase in non-marriage: the percentage of never married women between ages 35 and 39 increased from 1.2 per cent in 1970 to 15.9 per cent in 2005 (Jones 2010: 20). Another is that Taiwan has one of the lowest fertility rates in the world: the total fertility rate was 1.27 in 2012 after reaching a low of 0.90 in 2010. In recent years, the Taiwanese Government has responded by introducing a number of measures that make it easier for women to combine motherhood and work, including maternity and parental leave benefits as well as a new system of childcare subsidies and early childhood education and care (Lin and Yang 2009, cited in Jones

2011). Interestingly, they have veered away from more traditional pro-natalist policies such as cash grants for births because of strong opposition from Taiwanese feminists, who protested that this amounted to “buying feminine wombs for cash” (Lee 2009, cited in Jones 2011). While these measures have been credited with helping to raise fertility somewhat, whether they will be sufficient to counterbalance the pressures for structural transformation of the social reproduction system is unlikely. These dynamics also touch on a demand side issue: when the relations of social reproduction discourage child-rearing, investments in human capital will fall, lowering aggregate demand and threatening growth.

Data sources: Unless otherwise noted, the data discussed in this section come from the Directorate General of Budget, Accounting and Statistics, Republic of China (Taiwan).

2.3

Combining aggregate demand and supply: Growth and reproduction

Table 2-3 shows how aggregate demand and supply relate to one another in ways that draw out the causal connections among growth, gender inequality and social reproduction. Instead of referring to the two sides as demand and supply, we use the more descriptive labels of growth and the distribution of social reproduction respectively. The result is four stylized regimes that we term (in clockwise order) time squeeze, mutual, wage squeeze and exploitation. To assess the differences among them, we consider the results of a decline in gender-based wage inequality and consequent increases in female labour force participation.

Starting in the upper left-hand corner, we have a combination of wage-led/altruistic growth with a low road distribution of social reproduction. In this regime, more gender equality in the form of higher wages for women in general – or higher wages for care workers in particular – supports investment and growth because

it raises human capacities production and domestic aggregate demand by more than it cuts into profits. However, if these higher wages pull more women into the labour market, the time devoted to human capacities production declines and relationships in the wider economic system – from the structure of the paid care sector, to the lack of support from men for care to the lack of reproductive infrastructure – mean that the time decrease is also a human capacities production decrease, manifesting as fertility decline and/or a decrease in human capital-related investments. The more extensive the feminization of responsibility and obligation, the stronger these negative effects. We call this regime time squeeze to emphasize the trade-offs between the marketization of women’s work and the consequent time pressures on human capacities production. If they are substantial enough, the time squeeze effects of higher wages completely counterbalance their positive growth effects, leading to stagnation or growth path instabilities.

TABLE 2-3
Growth and social reproduction

Demand: Growth	Supply: The distribution of social reproduction	
	Low road: Feminization of responsibility and obligation (FRO)	High road: Gender egalitarian (GE)
Wage-led/ altruistic	Time squeeze Higher wages for women are good for growth, but more market participation squeezes time and lowers human capacities production. Growth is elusive or unstable.	Mutual Higher wages for women are good for growth, and more market participation increases human capacities production. Growth and social reproduction reinforce one another.
Profit-led/ individualistic	Exploitation Higher wages for women lower growth, and more market participation squeezes time and lowers human capacities production. Growth is partly based on exploiting women's labour and human resources.	Wage squeeze Higher wages for women lower growth, but more market participation enhances human capacities production. Growth is elusive or unstable.

Moving to the upper right corner, with a high road distribution of social reproduction and wage-led/altruistic growth, the regime is labelled mutual because production and reproduction tend to reinforce one another. In this case, more gender wage equality raises growth because it increases human capacities investment and aggregate demand by more than it cuts into profits. Higher market participation among women induced by higher wages does lower the time available for human capacities production. But gender egalitarian relations of reproduction, buoyed by strong public support for care and the availability of effective care commodities not only protect against time squeeze, they actually induce an increase in the production of human capacities (quantity and/or quality) in the context of higher incomes. From a citizen-worker-carer perspective, this is the win-win scenario.

The lower right corner of Table 2-3, which combines profit-led growth with a high road distribution of social reproduction, is termed wage squeeze because although higher wages for women enhance human capacities production, this is not enough to outweigh the negative impact that higher wages have on profits, overall investment and growth. One can think of relatively gender egalitarian relations accompanied by a structure of production that makes long-term investments in human capacities

expensive or risky. The stronger the profit-led nature of the economy – for instance, the more open to the global economy or the more neoliberal its macro policy – the more pronounced these contradictions. The result is that policies promoting gender equality may be anathema to growth or make it unstable. Somewhat counter-intuitively, if the promotion of gender equality via higher female labour participation actually lowers female wages because of higher labour supply, growth and human capacities production may increase.

The final regime, labelled exploitation, combines the profit-led and low road cases. In this scenario, higher wages for women lower growth because they cut into profits and capitalist investment by more than they raise human capacities investment. At the same time, the higher market participation brought about by higher wages for women actually lowers human capacities production because of the time squeeze type effects of the low road. These effects can be so pronounced that human capacities investment plays no role in moderating profit-led growth. Thus the term exploitation refers to how production and growth are predicated on exploiting women's reproductive labour and human resources in general. As the polar opposite of the mutual regime, it is the lose-lose scenario.

3.

ECONOMIC STRUCTURE, SOCIAL REPRODUCTION AND GROWTH

In this section we link the regimes of Table 2-3 with particular groups of economies. We organize the discussion by level of development and economic structure, closely following the categorizations set out in UNRISD (2010), the conceptual frames developed by Seguino (2010) and the data in Braunstein (2011). While we reference general issues of growth, particularly when differentiating between wage- and profit-led demand regimes, our primary focus is gender and the organization of social reproduction. We begin each section with summary observations on growth, economic structure and women's employment, followed by an analysis of the provisioning of social welfare. Drawing these points together, we then situate the group in Table 2-3, evaluating the consequences of a decline in gender-based wage inequality and an increase in female labour force participation for growth and reproduction.¹⁸

3.1

Advanced industrialized economies

A standard structuralist analysis of most advanced industrialized economies (AIEs) would put them in the wage-led growth category (Stockhammer and Onaran 2012). While these economies are certainly globally integrated, the size of the global sector relative to the

domestic one means that domestic demand effects often outweigh circumstances abroad. Though of course there is variance within this group regarding the extent to which this is true (the smaller and more externally oriented the economy, the more likely it will be profit-led), the ongoing failure of austerity programmes to lift Europe out of recession is evidence of the importance of domestic aggregate demand. This analysis does not, however, account for the role of social reproduction on either the demand or supply sides of the economy, a task to which we now turn.

The trajectory of development and employment among today's AIEs involved a shift away from agriculture to industry and services and from self-employment to wage employment (UNRISD 2010). Service sectors are the largest source of employment for both women and men, though there is

¹⁸ It is important to note that this discussion of economic structure and women's labour force participation is grounded in regimes of social reproduction and therefore does not necessarily follow the feminization U hypothesis – that women's labour force participation declines and then increases as economies industrialize. We emphasize the diversity in labour participation within structural (economic and social reproduction) groupings that the feminization U prediction does not consider. Moreover, the empirical robustness of the feminization U pattern has been seriously challenged (Gaddis and Klasen 2013). Still, a good empirical question would be whether the predictions of this study, where economic structure combined with regimes of social reproduction determine women's labour force participation and its consequences for growth, echo or contradict the empirical literature on the feminization U.

extensive gender segregation within services, with women concentrated in the types of jobs that are most likely to have a care component (Badgett and Folbre 1999). AIEs are generally characterized by high female labour force participation rates; significant variation within the AIE group corresponds to differences in their approaches to provisioning social welfare (UNRISD 2010).

The classic approach to evaluating social welfare in AIEs is Esping-Anderson's (1990) three regimes of welfare capitalism: liberal, conservative-corporatist and social democratic. However, his analysis did not explicitly consider either gender or the provision of care (Razavi 2007; Orloff 1996). So we recast these

categories in the context of social reproduction, drawing on the many insights of later writers who extended Esping-Anderson's original analysis in ways that are gender-aware. At the outset we should note that all three groupings involve formal sector workers contributing to their benefits in a context of full or nearly full employment, with temporary forms of social insurance designed to deal with cyclical upheavals and transitory market failures (Heintz and Lund 2012). Perhaps because of their wealth and the more highly developed nature of their economies, all three also share some sort of universal entitlement to health care (with the exception of the United States) and education, though there is variation in the funding and reach of the latter (e.g., early childhood education).

3.1.1 Liberal AIEs

Liberal AIEs rely primarily on market provisioning of social welfare, with the state taking on a limited and secondary role and benefits largely targeted and means-tested (Esping-Anderson 1996; Heintz and Lund 2012). This group includes New Zealand, the United Kingdom, the United States and, to a lesser extent, Australia and Canada. The most extreme variant is the US model, where markets supplement a very basic public safety net that is highly targeted (Esping-Anderson 1996). The result from a gender inequality perspective is a sort of two-tiered system of social welfare, with men's insurance centred on labour market issues and women's being family-related and primarily means-tested social assistance (Orloff 1996).

Thinking in terms of the social reproduction and growth framework, on the demand side the liberal approach diminishes the case for a wage-led growth regime. Social preferences can be individualistic in that, outside of education and health, investments in human capacities are largely a private matter. Bearing the responsibility for these investments is clearly an economic disadvantage, as evidenced by the fact that families with young children – especially those led by single women – have the highest poverty rates among the AIEs (Folbre 2008; Orloff 1996; UNRISD

2010). This makes it difficult to conduct the sorts of long-term investments in human capacities that characterize altruistic growth regimes. We see this pressure manifested in Figure 2-1C, where Australia, Canada and the United States are classified as having weak caring spirits and the United Kingdom is below the trendline.

On the supply side, there is a tendency towards a low road type of feminization of responsibility and obligation in that direct and indirect public provision of care services is limited, private care services are expensive, and women are more likely than men to take up the financial and time responsibilities of maintaining and investing in the future labour force (OECD 2012a; OECD 2012b). We thus might expect, at least for women outside the upper classes who cannot afford to compensate for the absence of the state and/or men in social reproduction, that female labour force participation is associated with stresses on the production of human capacities.

In terms of Table 2-3, we place liberal AIEs in the exploitation quadrant, though the United States is certainly the most pronounced example of this group (others with more public supports for reproduction might be closer to the wage squeeze case). Speaking

specifically of the United States, high inequality overall and the feminization of responsibility and obligation are core aspects of its growth model (see Box 2-2 for more detail). Under the limits of this structure, raising wages for women or care sector workers may threaten growth to the extent that it cuts into profits by more than it raises human capacities. Such

reforms must be buttressed by public measures that strengthen the connection between higher wages and investments in the future labour force, moving the economy towards the mutual case. Alternatively, changes in institutional arrangements that make it easier to combine work and care could achieve the same results (Folbre 2013).

3.1.2 Conservative-corporatist AIEs

Conservative-corporatist AIEs have a well-developed welfare state that incorporates just about everyone, though access to benefits tends to be determined by employment status and class position (Heintz and Lund 2012; Orloff 1996). The state plays a bigger role than in liberal regimes, but wider public funding of care supports lots of private service providers (Heintz and Lund 2012; Razavi 2011). Geographically, these regimes are associated with continental and Southern Europe, while recent social welfare reforms in Japan suggest movement towards this model as well (Campbell et al. 2010; Peng 2005). In terms of gender and social reproduction, we can characterize these regimes as ‘familial’ in the sense that much of social reproduction is presumed to be done by women within the context of the family. Social welfare policies are designed to be accessed through a male breadwinner, encouraging financial dependence of mothers on fathers and the persistence of a traditional sexual division of labour. For instance, Spain’s generous maternity leave policies combined with one of the least generous child benefit provisions in Europe discourage women’s market participation and lower fertility (Warnecke 2008). Alternatively, policies in countries such as Austria and Germany are designed to enable women to combine work with their traditional unpaid care responsibilities, such as giving cash subsidies to help families pay for care services or legislating the right of parents to work part-time without losing benefits (Daly 2011).

Looking to the distribution of social reproduction in Table 2-3, the corporatist familial model seems to fall somewhere in between the low and high road cases,

though individual countries may be in one category or the other. There is more public support for care than in the low road regime, but that support tends to preserve women’s responsibility for social reproduction and is associated with the growth of low-paying, low-skill care services (Razavi and Staab 2010). In a number of countries in this group, particularly in Southern Europe, not much is spent on family policy overall, though others in Western Europe are more generous (Daly 2001; UNRISD 2010). For instance, in 2009 France spent about 4 per cent of GDP on family benefits, Austria and Germany about 3 per cent and Italy, Japan, Portugal and Spain less than 2 per cent.¹⁹ While it is difficult for women in this group to combine market and nonmarket work, to the extent that traditional family structures persist, men do make financial contributions to household reproduction. One of the resulting contradictions is that even if higher wages and market participation for women are associated with more human capacities production, increasing female labour force participation may also induce fewer contributions to social reproduction from men as the familial model breaks down. Women may also, in such circumstances, elect to bow out of social reproduction by putting off or avoiding childrearing. Such a result is evidence of the low road case.

On the growth side, the fertility decline experienced in parts of Europe and Japan is indicative of how human capacities investment can give way when social preferences are wed to the persistence of traditional structures and their gender division of

¹⁹ This data is from the OECD Family Database, Table PF1.1A.

labour, potentially threatening long-term growth. Looking to the results of Figure 2-1C, however, we see a number of countries in this group (France, Germany, Italy and Spain) characterized as having strong caring spirits. So in terms of wage- versus profit-led growth

regimes, we put this group in the wage-led category. But there is more diversity on the supply side, as evidenced by different public commitments to care and the relationship between female labour force participation and fertility (see Box 3-1).

BOX 3-1

Familialism, fertility and time squeeze

It is a 'stylized fact' that increasing female labour force participation is associated with fertility decline, but looking at OECD countries as in Figure 3-1, the relationship seems to be reversed. That is, higher female labour force participation appears to be associated with higher fertility. A large literature focuses on the ease of combining motherhood and work as a key explanation of this counterintuitive result, with the size and structure of public support for working mothers, as well as the extent of gender equity in home production being important determinants of this relationship (Del Boca and Locatelli 2008; de Laat and Sevilla-Sanz 2011). Almost all of the countries in the conservative-corporatist group of social welfare states have extremely low fertility (e.g., Austria, Germany, Italy, Portugal and Spain). France is a clear exception.

Fertility comes into our model of growth and social reproduction on the demand side: when lower quantity (declining fertility) is not compensated by higher quality (human capital), declining human capacities investment will ultimately cut into growth. But the relationship between female labour force participation and fertility can also be taken as a symptom of the structure of relations on the supply side. In growth regimes characterized by strong caring spirits, such as those in Western and Southern Europe, when women have a difficult time combining

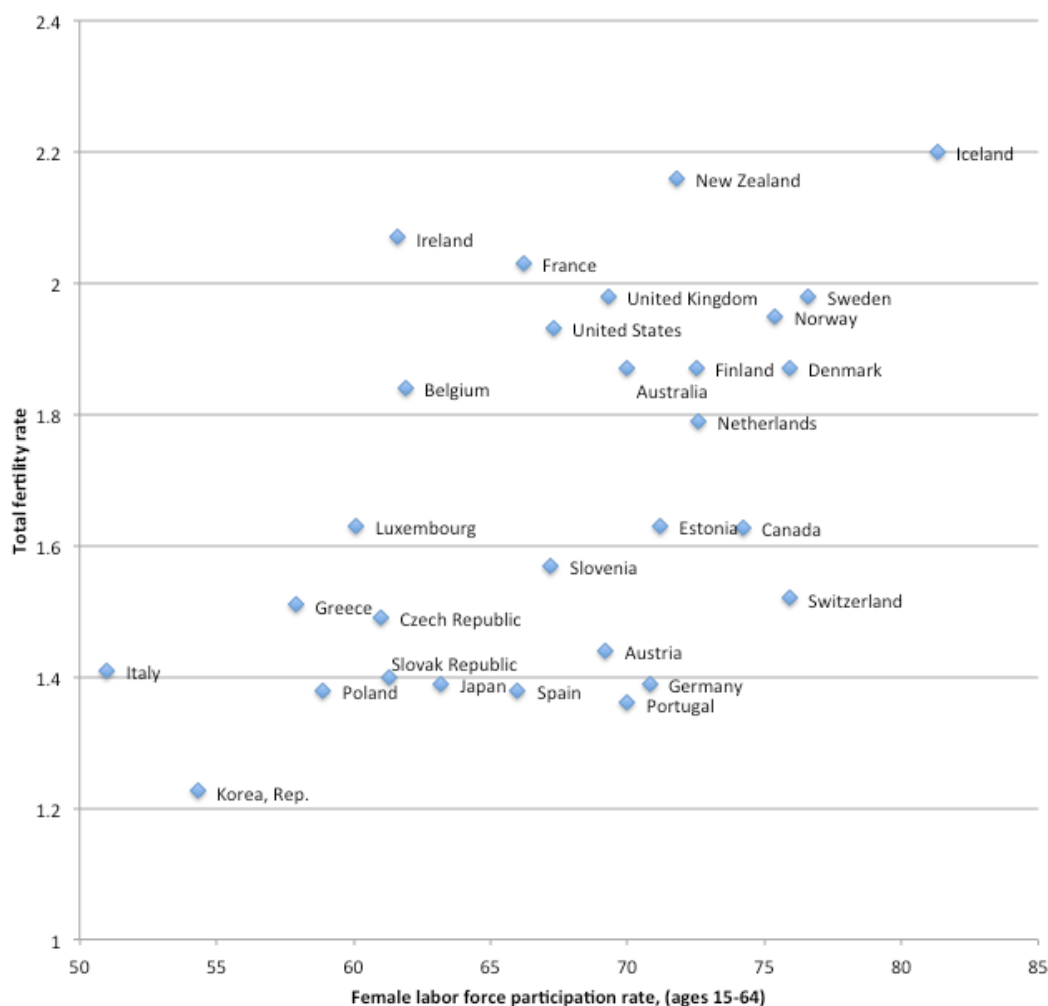
motherhood and work (as in the case of familialism), we have a low road regime of social reproduction, and time squeeze constrains economic growth. In other words, the persistence of women's traditional responsibilities for care in the family, combined with few alternatives to providing such care, means that the promise of less gender inequality in the labour market is limited by trade-offs with social reproduction. France's high fertility rates are a testament to family policies that draw the provision of care out of the family and into the public sphere, making for a high road supply side (Salles et al. 2010).

Considering the United Kingdom and the United States, however, seems to contradict this pattern. Both have less supportive family policies than Germany but higher fertility and comparable work participation among women. At issue here is whether and how social reproduction moves out of the family (Balbo et al. 2013). In the United Kingdom and the United States, as well as the liberal AIEs more generally, this defamilialization has been largely market-based. By contrast, Northern Europe has transitioned via an expansion in the public provision of care (see section 3.1.3 on social democratic AIEs). Both regimes are consistent with higher rates of female labour force participation and fertility, though with markedly different results for the distribution of social reproduction.

The result is that the majority of this group falls into the time squeeze scenario of Table 2-3, where the impact of public support for care is blunted by its familialistic approach and the lack of a buoyant, professionalized care sector. One clear exception to this pattern is France, which has devoted substantial public resources to supporting care outside of

the family. Getting back to the question of social reproduction and growth, higher wages for women are good for growth, but highly familial, privatized structures of care mean that higher wages and market participation among women may pose a threat to human capacities production and ultimately compromise growth.

FIGURE 3-1
Female labour force participation and fertility in the OECD, 2010



Source: Author's illustration of World Development Indicators data.

3.1.3 Social democratic AIEs

Social democratic AIEs are characterized by strong welfare states with universal coverage and lots of public provision of services for children, the elderly and disabled people (Heintz and Lund 2012; Razavi 2011). Geographically, these regimes are concentrated among the countries in Northern Europe. Labour market policies promote full employment and wage equality across different groups of workers, ensuring ample tax revenue and lower reliance on the welfare state (Esping-Anderson 1996). From a gender and social reproduction

perspective, an individualistic model of entitlement and extensive public services support those who do care work, enabling very high rates of female labour force participation without the loss in fertility experienced elsewhere, as illustrated in Figure 2-2 (Gupta et al. 2008; Orloff 1996). Poverty rates among children and female-headed households are also the lowest of the AIE group (Folbre 2008; UNRISD 2010). On the downside, the generous benefits proffered by public sector employment contribute to women concentrating their

employment in the relatively lower-paying jobs of this sector, suppressing their wages and making these among the most gender segregated labour markets in the world (Gupta et al. 2008).

Looking at Table 2-3, the features of the social democratic case reflect those of the mutual regime, where wage-led growth is combined with a high road, gender egalitarian distribution of social reproduction. Higher wages for women in the public sector, for instance, would be consonant with more domestic aggregate demand and increased investments in human capacities, either through private spending or public provision financed by higher taxes. The high road supply side reinforces this result, as higher wages and market participation among women raise human capacities production. However,

leakages caused by global demand dependence, or lower investments in developing human capacities in the long term, could push these economies into the wage squeeze regime. The latter threat is one that mirrors anxieties that these economies can no longer afford their generous social welfare programmes, particularly as societies age or become more globally integrated in ways that make labour costs more significant in determining absolute and comparative advantages. Recent efforts to raise investments in children among a number of European countries are one possible response (more will be said about this below when we discuss social investment). But caution must be exercised to ensure these measures maintain wage-led growth instead of just shifting the economy from a high to a low road distribution of social reproduction.

3.2

Semi-industrialized export-oriented economies

Semi-industrialized export oriented economies (SIEOs) refer to middle-income countries, primarily located in East Asia but with a second generation emerging in Southeast Asia, that have successfully pursued an export-led growth and industrialization strategy.²⁰ Advancing up the industrial ladder is built on access to global resources (e.g., foreign exchange and investment) in the context of state-led industrial policies. This group, especially those located in East Asia, industrialized later and faster than today's AIEs but experienced a path of growth and structural change that is relatively close to the standard AIE development trajectory in terms of sectoral and employment transitions (UNRISD 2010). These economies have among the highest female labour force participation rates in the world, and industry is a significant employer of both women and men. Gender-based wage inequality is extremely high by global standards, reflecting an important aspect of the SIEO development strategy: export success built

on a low-wage, largely female labour force. However, when exports and industries upgrade, there is defeminization of industrial employment (Tejani and Milberg 2010). Beyond education and health services, both key aspects of the SIEO development model, the service sector is relatively small.

The welfare state associated with the East Asian model is often referred to as 'developmental' in that its programmes were designed to support economic efficiency and growth, and social policy focused on maximizing the employment and skills of the workforce with particular emphasis on education and, later, health. Social insurance was limited for the most part to industrial workers, financed by employer and employee contributions and operated at arms length from the government, all of which contributed to a highly privatized, familial model of social welfare provision reliant on continuing growth successes (Kwon 2005; Peng 2011; Pierson 2004).

²⁰ The first generation of these – Hong Kong, Republic of Korea, Singapore and Taiwan – are considered high income now; this analysis refers not so much to their current income status but their industrialization histories and the ongoing export orientation of their economies.

Ha-joon Chang (2004) takes issue with the consequently common characterization of the East Asian approach as neglectful of social policy, emphasizing the equalizing effects of economic policies such as: land reform in Republic of Korea, Taiwan and later Malaysia and Thailand; the provision of public housing in Hong Kong and Singapore; Malaysia's programmes to close the gap between ethnic Chinese and Malays; and restraining luxury consumption to preserve foreign exchange. According to Chang, the contributions that these and other economic policies made to social cohesion, political stability and industrial peace created the circumstances for long-term investment and growth and should be credited with their positive social welfare effects in the same manner as more direct programmes. However, the Asian Financial Crisis (AFC) in 1997–98 complicates this equivalence, as increases in unemployment and economic insecurity rendered the presumption of full employment and high growth inadequate for social protection. A number of social policy reforms that extended protections were introduced, particularly in the Republic of Korea, but many of these were in the pipeline pre-AFC and/or phased out after economic growth returned (Kwon 2005).

From a gender and social reproduction perspective, the SIEO model of social welfare provision can be characterized as a familialistic male breadwinner model with a traditional and fairly rigid gender division of labour. Women and families are presumed to provide care in the home (or, less frequently, to purchase it privately), with high (but declining) coresidency among the elderly and their adult children (Peng 2011; UNRISD 2010). Employment protections and social insurance systems favour mostly male full-time workers, and direct public support for families is minimal and means-tested (Kwon 2005; Peng 2011). Even though incremental expansions in public provisioning have been introduced in the more economically advanced countries to address population ageing, fertility decline and the push for greater gender equality at work and at home, social welfare supports for care are still on the whole quite limited, and what extra-familial options exist are largely privately provided by the market (Chang 2004; Peng 2011; UNRISD 2010).

Looking now to the regimes in Table 2-3, and beginning with growth, the export dependence of SIEOs exerts a strong pull towards the profit-led category. From this perspective, higher wages for women are likely to detract from export competitiveness and growth. Even among the higher income economies of this group, where female wages are no longer so central to export competitiveness, the combined threat of import leakages and capital outflows when wages rise is conducive to a profit-led growth regime. In smaller SIEO economies, these effects are more dominant. However, the extensive investments in education and health, both public and private, that are associated with developmental welfare states and the East Asian model weight these economies towards a more wage-led, altruistic growth regime in their emphasis on long-term investments in human capacities. We can see this result reflected in Figure 2-1C, where the extent of investments in human capacities put the Republic of Korea and Singapore in the strong caring spirits category. With the overall movement towards more liberalized finance and trade among the higher income SIEOs after the AFC, however, and the increasingly competitive marketplace for global exports, this counter is less determinative. On balance, then, we put SIEOs in the profit-led growth category, primarily because of their global orientation.

In terms of the distribution of social reproduction, the strong structure of familial provisioning with little direct support from the state recalls the corporatist-conservative regime, Southern Europe in particular. There is not quite a feminization of responsibility and obligation because of the persistence of traditional family structures and consequent contributions from men and extended family. Given the emphasis of many families on investments in children, higher incomes for women should be associated with more human capacities production, at least in terms of quality. But there is little commodification of care work and so options for replacing time when female wages and labour force participation and attachment increase are limited, making it very difficult for women to combine market and nonmarket work and ultimately lowering human capacities production and investment. Recent and stark declines in marriage rates across the East and Southeast Asian region are a testament to this tension

and suggest that the tug of the low road is strong as many working women delay and defer marriage and child-rearing (the former almost always precedes the latter in these countries) (Jones 2010). (Box 2-3 discusses this dynamic in the case of Taiwan.) This result also feeds back into the case for profit-led growth, pulling SIEOs closer to the exploitation regime.

In terms of Table 2-3, SIEOs are on the border between exploitation and wage squeeze. If traditional family structures continue to break down, and the state does

not expand its support for social reproduction in ways that promote gender equality, the economy will move squarely into the exploitation case. Conversely, if the economy shifts into a high road path of social reproduction, the challenge will be wage squeeze: higher wages and market participation may enhance the production of human capacities, but they also threaten growth because of higher labour costs. Ultimately, for the win-win scenario of the mutual regime to prevail, SIEOs must address both their growth and social reproduction regimes.

3.3

Dualistic economies

Dualism refers to middle-income countries characterized by a significant bifurcation between a small formal sector, where jobs are associated with high wages and good benefits, and a large informal sector with lots of insecurity, low wages and few opportunities for upward mobility (UNRISD 2010). These sorts of economies also exhibit a high degree of income inequality and include a number of the higher-income countries in the Latin American region, as well as countries such as the Philippines and South Africa where high rates of unemployment, underemployment and inequality accompany concentrations of economic dynamism and associated wealth. Female labour force participation rates are the lowest among all of the economy groupings discussed. Agriculture tends to be a bigger employer of men than women in this group, and the (primarily informal) service sectors are large and important sources of employment for women. Indeed, the economic inequality that characterizes dualistic economies is directly associated with paid domestic service as a significant source of employment for women, as wealthy families can afford it and lots of low-income women need jobs (Razavi and Staab 2010).

This category of economies is a wide one, with a diversity of economic and social histories that is key to understanding the shape of social welfare provision. For many countries, the neoliberal era of the 1980s and early 1990s brought with it reforms of social insurance in line with neoliberal principles of privatization and

liberalization (especially in Latin America) in an effort to reduce fiscal deficits and expand coverage – neither of which ultimately transpired. Partly in response to the failures of neoliberal programmes to deliver growth or improvements in well-being, the late 1990s and 2000s hosted an expansion of social assistance in the forms of antipoverty programmes, conditional cash transfers and non-contributory pensions (Barrientos 2011). A common theme among them is a focus on raising social floors, using social policy to reduce poverty and enhance opportunities for poor children and economic security for the families that care for them. For instance, Bolsa Familia in Brazil and Oportunidades in Mexico, which give conditional cash transfers to poor mothers in exchange for ensuring their children meet certain health and education requirements, have been credited with demonstrably lowering poverty rates (UNRISD 2010). In South Africa, where the legacy of HIV and AIDS created a relatively high level of state social provisioning, the Child Support Grant, a means-tested but otherwise unconditional cash grant given to a child's primary caregiver, is unique in that it targets caregivers of any sex (Budlender and Lund 2011; Razavi 2007, 2011). Other programmes, such as those in Chile and Mexico, target early childhood education to encourage parental employment, particularly among mothers, via providing direct subsidies to private and quasi-public service providers on behalf of low-income households (Staab and Gerhard 2011).

BOX 3-2**Costa Rica: Universalism in a dualistic economy**

The universalist approach to social protection in Costa Rica proffers an instructive example for dualist economies. Its approach is built on the right to basic social citizenship and includes universal education and health care, as well as expanding the reach of social insurance by widening the scope of its contributors and providing protections for those unable to contribute (UNRISD 2010). Total spending on social insurance is high, family allowances have been around for more than 30 years and there is a lot of solidarity for redistribution (*ibid*). At the same time, there has been an increase in the proportion of poor households headed by women since the 1990s, a seemingly counter-intuitive outcome. Chant (2008) links the two trends together, however, and argues that it is not the case that women are more likely to be poor today than in prior eras in Costa Rica, but that women are increasingly choosing to become household heads precisely because of the expanded availability of social welfare

supports for doing so. This result is indicative of more gender egalitarianism and movement towards a high road strategy of social reproduction.

Costa Rica is thus closer to the wage squeeze regime of Table 2-3, which combines profit-led growth with the high road of social reproduction. The result is a bit of a razor's edge in terms of the relationship between gender equality and growth: higher wages for women may slow growth, but more market participation enhances human capacities production. In this case, continuing to improve women's well-being and human capacities production through public provisioning of social welfare might proffer the increases in labour productivity necessary to underwrite increases in incomes without sacrificing growth. Such a course is suggested by Costa Rica's performance in Figure 2-1B, where achievements in human capabilities are above what the record of its income group would predict.

While these and other programmes like them are important responses to the ongoing dualism in economic fortunes and persistent poverty that characterize these economies, the results are more equivocal from a gender and distribution of social reproduction perspective (Molyneux 2007). Almost all conditional cash transfer programmes (with the exception of South Africa) require some time commitment by participants, necessitating a reorganization of household time patterns with potential impacts on time to engage in paid labour. Because of gendered norms, it is primarily women who perform the unpaid tasks of fulfilling conditions required to access programme payments, and thus such programmes may actually reduce women's relative access to income or gender equality, even as children's status improves. For instance, in a review of the PROGRESA programme (the precursor to Oportunidades) in Mexico, researchers found that the positive impact of increased resources in the household was on net perceived as a positive thing, but that women also bore increased time burdens because of compensating for more demands on

their time by working longer as opposed to getting more help from other household members or market services (Adato and Roopnaraine 2010).

Thinking in terms of the regimes in Table 2-3, these sorts of cash payments and other anti-poverty programmes are cast in the context of a gender structure characterized by a traditional sexual division of labour combined with high rates of female household headship and out-of-wedlock births (Budlender and Lund 2011; Esteve et al. 2012). The result is a strong bias towards the feminization of responsibility and obligation associated with the low road distribution of social reproduction. And while social policy reforms exert a pull towards more high road, gender egalitarian relations, the ongoing reliance on women's time is counter-productive in this respect.

Other aspects of the supply side reinforce these low road patterns. Cash transfers for care are not a complete substitute for good, publicly provided services, as demonstrated among the AIEs (UNRISD 2010). Generally low wages for care sector workers, and the

causal connection between income inequality and the proliferation of domestic services for the wealthy, also contribute to the low road case. On balance, then, we would expect higher market participation among women to exert downward pressure on human capacities production as a result of time squeeze-type effects. Current experiments in social policy may alleviate some of the monetary needs of social reproduction, but as long as they do not address the problem of time and continue to rely on women providing the bulk of unpaid care, increasing female labour force participation may compromise human capacities.

From a growth perspective, extant social policies certainly strengthen the care component of the total investment function by facilitating investments in long-term human capacities production, particularly among children. But the balance of the demand side in dualistic economies is squarely profit-led. The current structures of domestic production, in particular the capital intensity in industry and the labour intensity in services and agriculture, do not produce much high quality employment, as reflected by the term dualism. Global conditions are key determinants of the economic fortunes of all of these economies. Some, such as Mexico, are export-oriented manufacturers along the lines of SIEO economies. In these economies higher wages will detract from export competitiveness and growth. Others, such as Argentina and Chile, are more dependent on commodities exports. In these cases, when global commodity prices are high, higher wages may be associated with more imports and not an expansion of domestic aggregate demand because imports are cheap relative to domestically produced goods. However, when global commodity prices are low, increasing wages could have a net positive

impact on domestic aggregate demand, depending on the role of imports in domestic consumption and how wary policy makers are of inflation.²¹ Regardless of industrial structure, all of these countries are highly susceptible to the vagaries of the global financial system and fears of inflation, leading to the adoption of neoliberal macroeconomic policy principles to manage risk and volatility.

The result is a strong tendency towards a profit-led regime, where higher wages for women are likely to be associated with lower growth unless simultaneous policy and structural changes render these increases consonant with a net increase in domestic aggregate demand. At the same time, if higher wages induce higher female labour force participation, the consequent time squeeze on human capacities production puts this group in the same regime as the liberal AIEs: exploitation. In this context, more gender equality threatens growth partly because of persistent inequalities in the gender distribution of social reproduction. Stronger supports for women doing paid work will weaken these causal links, but they must be accompanied by changes on the demand side to avoid merely shifting from an exploitation to a wage squeeze regime.

²¹ For those who want more detail, here is one scenario. A decline in commodity prices will induce depreciation of the exchange rate as global buyers need less of a country's currency to purchase its exports. A possible consequence is 'pass through', when increases in the domestic price of imports (because of exchange rate depreciation) cause an increase in domestic inflation. If the government is worried about inflation, as is the fashion in monetary policy these days, it will respond by employing contractionary macro policy, e.g., raising interest rates. The result is less investment, slower growth and an appreciated real exchange rate – forces that counter the initial effects of the decline in commodity prices.

BOX 3-3

Addressing time squeeze in Guatemala

Guatemala is a low-income agricultural economy with some of the features of its dualistic neighbours in the Latin American region. While the agrarian sector is an important source of exports and employment for men (44 per cent of men's employment), women's employment is concentrated in services and manufacturing (63 and 20 per cent, respectively). Much of women's manufacturing employment stems from the maquiladora sector (Quisumbing et al. 2007). Rapid urbanization has been associated with informalization, with informal jobs accounting for 64 and 50 per cent of women's and men's urban employment, respectively, in 2006. Poverty rates are extremely high – 55 per cent of the population was identified as living in poverty in 2006.²² And wealth concentration is associated with land ownership, a legacy of highly unequal systems of land appropriation and allocation that contributed to Guatemala's 36-year civil war, which ended in 1996 (Wittman and Saldívar-Tanaka 2006).

In terms of our model of growth and social reproduction, like other LIAEs Guatemala is classified as having a combination of wage-led growth and a feminization of responsibility and obligation. On the growth side, the results illustrated in Figure 2-1A, where Guatemala is classified as exhibiting the 'caring spirits' that are associated with wage-led growth, are a testament to this feature. But persistent poverty, inequality and insecurity, including a high incidence of men's violence against women, make fulfilling this potential an ongoing challenge (UNICEF et al. 2013). On the social reproduction side, a number of studies conducted in Guatemala demonstrate how women's income and time are more closely associated with investments in children and human capacities than men's are (Engle 1993; Katz 1995). This connection is reflected by that fact that Guatemala's conditional cash transfer programme, Mi Familia Progresiva, instituted in 2008 and designed to improve health, nutrition and education

among poor children, distributes cash grants directly to mothers (Gammage 2010). The rising incidence of female headship, which stood at about one quarter of all households in 2006, means that women are responsible for an increasing share of reproductive costs. At the same time, social public expenditure is low (8.1 per cent of GDP in 2009, one of the lowest rates in Latin America), and there is a scarcity of reproductive infrastructure and services. And there are few options for non-familial childcare, especially for low-income families. All of these features contribute to Guatemala's low road path of social reproduction.

The result of this combination of wage-led growth and the low road is that increases in women's wages and/or female labour force participation are likely to be accompanied by time squeeze, potentially compromising the production of human capacities. Evidence of such a dynamic can be found in research on women's time poverty, where one third of women were found to be time poor compared to 14 per cent of men (Gammage 2010). The same study found more time poverty in urban than in rural areas, indicating that increasing participation in paid work has not resulted in a concomitant decline in the demands of unpaid work, as the time squeeze scenario would predict.

One way to consider the potential consequences of time squeeze, and what policy can do, is by looking to the Hogares Comunitarios Programme (HCP). HCP, which was piloted in 1991 in Guatemala City, is a community-based day-care programme in which women provide care in their homes in exchange for support from the state and contributions from participating families. A close review of the programme found improved nutritional outcomes for children who attended, both while at day-care and at home, a result that is associated with long-term cognitive and educational benefits (Leroy et al. 2012; Malucio et al. 2009). But many challenges remain. The reach of the programme is extremely limited, care is underfunded, day-care workers are not well trained and less time is spent on educational activities than anticipated (Ruel and Quisumbing 2006). However, a study comparing

²² The definition of poverty used is that of the Economic Commission for Latin America and the Caribbean (ECLAC), and refers to not having enough resources to meet basic nutritional and non-nutritional needs. For more information, see the technical note at: http://website.eclac.cl/sisgen/SisGen_Badeinso_estimaciones_pobreza_cepal.asp?idioma=1 (accessed 3 May 2012).

working mothers utilizing the HCP and a control group found that the HCP mothers were more likely to be engaged in formal employment and have higher incomes than those in the control group, with the latter often combining informal work and childcare partly because of the lack of external childcare options (Leroy et al. 2012; Ruel and Quisumbing 2006). Despite the problems identified in the HCP, the quality of care is likely to be higher than that received by children whose mothers combine work and care at home (Leroy et al. 2012).

Research on the success and challenges of the HCP illustrates how the lack of good care options can restrict growth. On the supply side, labour

productivity is kept down because women's care responsibilities limit them to low productivity, informal sector work. On the demand side, long-term investments in human capacities are constrained by the lower quality care that children receive as a result. In terms of policy, the goal would be to scale up programmes such as HCP so that women's care responsibilities no longer pose a potential squeeze on time, entailing a movement towards a more gender egalitarian, high road strategy of social reproduction.

Data sources: Data on employment are from ILOSTAT and CEPALSTAT databases. All other data is from CEPALSTAT database unless otherwise indicated.

3.4

Low-income agricultural economies

Low-income agricultural economies (LIAEs) are primarily agrarian and are concentrated in South Asia, sub-Saharan Africa and parts of Latin America. Women have high labour force participation rates and their work is concentrated in the agricultural sector – even more so than men's. Almost all of this work is informal, with women participating in production most often as smallholders, casual wage workers or contributing family workers (UNRISD 2010). In South Asia and sub-Saharan Africa, service sectors tend to be quite limited as generators of employment and care commodities, proffering few substitutes for women's time (Braunstein 2011). In Latin America, however, informalized service sectors are a large source of employment for women, but affordable care commodities are out of reach for most (Braunstein and Seguino 2013).

Systems of social welfare are characterized as informal, gendered and familial, with very limited involvement of the state. A number of countries in the LIAE group have the type of cash transfer and child development schemes that bring to mind the social policy experimentation of the dualist model. However, LIAE programmes are more limited in terms of depth and scope. Programmes that do

exist often rely on voluntary work from the family and community, which in turn is dependent on unpaid, mostly female labour as well as external funding routed through national and international non-governmental organizations (Martínez Franzoni 2008; Martínez Franzoni and Vooren 2011; Razavi 2011; UNRISD 2010). For example, preschool and child nutrition and school retention programmes in Nicaragua have recently expanded, but many are dependent on external funding and volunteer labour, especially from the mothers of targeted children (UNRISD 2010). Field research in the United Republic of Tanzania on community care programmes for HIV and AIDS patients found that volunteers did a lot of work without getting paid, and that the structure of external finance challenges the sustainability and ultimate effectiveness of these programmes as organizations shift provisioning to attract funds (UNRISD 2010). India probably has the widest array of targeted social welfare programmes among countries in the LIAE group, including the largest childhood nutrition programme in the world, a plethora of cash transfer schemes and a rural employment guarantee. But these, too, often depend on low-paid or unpaid volunteer labour from women (especially the ones for children) and suffer from a multiplicity of structures

and goals that reflect political patronage more than a cohesive vision of social welfare (Palriwala and Neetha 2011).

From a gender perspective, the limited scope of public provisions for social welfare services and reproductive infrastructure, the reliance on traditional family and extended kin networks of welfare provisioning that are highly gendered and the lack of alternatives to family care put LIAEs as a group squarely on the low road of social reproduction. And though households in LIAEs are extended and complex, the high rates of lone female parenting and household headship in sub-Saharan Africa and Latin America also indicate a feminization of responsibility and obligation with regard to the distribution of social reproduction. The result is that higher market participation among women may be associated with lower human capacities production because of pressures on time and an inability to compensate for these by purchasing care commodities or raising the productivity of nonmarket work. At the same time, we must note that middle and upper class urban women in LIAEs have more access to care commodities and the type of reproductive infrastructure that make combining market and nonmarket work less of a zero-sum prospect (Razavi 2007). However, the vast majority of women responsible for social reproduction in LIAEs do not have these alternatives.

On the growth side, the structure of production in LIAEs, with most of the labour force engaged in informal agrarian work that generates low earnings, means higher incomes are likely to expand domestic

aggregate demand by much more than they lower capitalist profit shares and consequent investment. This is particularly true for women, who are the mainstay of subsistence food production in LIAEs but face unequal access to land, credit and agricultural inputs (FAO 2011). Indeed, raising returns to women's work could well expand investments in both human and non-human capital as women use higher incomes to expand agricultural productivity as well as investments in human capacities (Seguino and Were 2013). This makes growth in LIAEs likely to be wage-led, and higher wages for women are thus good for growth.

However, the low road distribution of social reproduction means that higher wages and growth come at the cost of women's time, and the consequent time squeeze could compromise the production of human capacities to such an extent that growth is ultimately elusive or unstable. These are the contradictions of the time squeeze regime in Table 2-3. In this sort of context, it is particularly important for governments to complement higher incomes with a movement towards the high road model of social reproduction, including more public provisioning of care and reproductive infrastructure, and expanding markets for care while ensuring that the consequent jobs pay good wages and the associated quality of care commodities is high. These sorts of provisions are quite different than those that expand services based on low-paid or volunteer labour. The time bind of care responsibilities must be alleviated in ways that preserve and enhance the production of human capacities and do not just free up women for more market participation at the cost of social reproduction.

4.

THE RISE OF THE SOCIAL INVESTMENT STATE

The rise of the social investment state, alternatively termed the new developmental welfare state, is linked with the increasing volatility of global markets and neoliberal structures of macroeconomic policy management and global integration. Traditional models of social protection were deemed insufficient to effectively counterbalance the negative impacts of new economic realities, and so a new model of state activism in managing human capital investment emerged (Jenson 2010).²⁴

Experiments in progressive social policies in Latin America, as well as social welfare reforms in a number of European countries, reflect this new perspective. At the centre is a strong emphasis on providing care for children in ways that target the development of their human capital (Daly 2011; Jenson 2010). Indeed, investing in human capital has been promoted by the finance ministries of Germany, Sweden and the United Kingdom (Jenson 2010). Beyond investing in children, labour market policies have taken on a new sort of prominence as a delivery mechanism for social welfare, at least in Europe, and there is a shift in philosophy from passive income maintenance to encouraging participation in paid work (*ibid.*). For instance, the ‘flexicurity’ approach, which first emerged in Denmark, combines labour market flexibility with social security for unemployed workers and active labour market policies designed to retrain and reskill workers and get them back to work (Heintz and Lund 2012).

The new policy consensus also encourages mothers to work for pay. At the same time, cash benefits to families to help with the costs of raising children have been increased. Combined with the emphasis on early childhood education and care as a tool for investment rather than a way to mobilize female labour force participation, the result is a lot of part-time work among women (Daly 2011; Jenson 2010). From a gender perspective, these sorts of changes amount to

a shift from social welfare claims made on behalf of women to claims made on behalf of children (Razavi 2007). The social value and time burden of women’s unpaid work is essentially ignored, and there is no real commitment to promoting gender equality in the distribution of that work (Daly 2011).

Evaluated relative to the model developed in this paper, the social investment state amounts to an attempt to use social and (to a lesser extent) labour market policies to create the conditions for wage-led altruistic growth by increasing investments in human capital and breaking the link between current poverty or employment instability and those long-term investments. However, the result for growth ultimately depends on the gender distribution of social reproduction. If a state is successful in using social and labour market policies to push an economy into (or maintain, in the case of changing structures of production) a wage-led regime, growth may still be elusive if the provision of care is constrained by the time squeeze associated with a more traditional gender division of labour. Maintaining such a division between women and men, with the consequence that women’s labour market attachment is more limited, may help protect the production of human capacities, but at the cost of constraining women’s contributions to market production and lower overall economic growth. Ultimately, growth and distribution are inter-related and can work at cross purposes – as this analysis makes clear.

²³ We use the term ‘human capital’ here intentionally; it is not quite the same as the notion of human capacities used in this paper, though there is certainly overlap between the two concepts.

5.

CONCLUSION

In the spirit of a summary review, Table 5-1 constellates the various economic and social welfare structures we discussed in the regimes explained in Table 2-3. Beginning with wage-led growth, gender inequality constrains social reproduction and growth through the time squeeze channel for both LIAEs and conservative corporatist economies. For LIAEs, low levels of development combined with the traditional gender division of labour mean that raising women's incomes as a tool for gender equality is insufficient for delivering the types of investments in human capacities that will foster sustainable growth. Similarly, conservative-corporatist social welfare states, such as those in continental Europe, are handicapped by the trade-offs women often have to make between work and parenthood. The case of France, and its commitment to the public provision of care in ways that encourage parents to work and engage in social reproduction, illustrates a pathway out of time squeeze and into the mutual case. Here gender egalitarian relations of social reproduction make more gender equality in the labour market consonant with higher growth, as in the social democratic country group of Northern Europe.

Turning now to the row of profit-led growth, increasing gender equality in the labour market in the exploitation case threatens both social reproduction and growth. For dualistic economies, this tension stems from the persistence of women's traditional roles in providing the bulk of care and high levels of inequality. Costa Rica has made some headway out of this trap through its more universalist approach to social protection. However, that its growth is profit-led means that higher wages for women, while raising social reproduction, may ultimately threaten growth because of the extent to which greater equality detracts from global competitiveness and profitability – the wage squeeze scenario. Liberal AIEs such as the United States subsist on exploitative relations of social reproduction; in such contexts, greater gender equality in the labour market may lower social reproduction and growth. Instituting more gender egalitarian relations of social reproduction will mean moving to the growth instabilities of the wage squeeze case. Simultaneous measures that strengthen the link between human capacities investment and growth – perhaps by shifting to a more egalitarian growth path – would move these exploitative countries towards the mutual case. For SIEOs, substantial state and family investments in

human capital render these economies as intermediate to the high and low road cases. Where individual countries in this group will end up depends on the steps that each takes with regard to changes in the distribution of social reproduction and whether they move towards greater gender egalitarianism (wage squeeze) or a feminization of responsibility and obligation (exploitation).

This summary so far focuses primarily on horizontal movements across different regimes of social reproduction. It is also possible, of course, to move vertically between wage- and profit-led growth regimes. Strong norms and institutions that support investments in care make the wage-led case more likely. Additionally, more domestically oriented economies, ones governed by sustainable employment-generating macro policies, support wage-led growth. But the promise of these growth paths will be challenged by a low-road distribution of social reproduction. Diagonal movements in Table 5-1 involve changing both the supply and demand regimes, seemingly a more challenging prospect but one that is facilitated by the role of care in both growth and the distribution of social reproduction.

TABLE 5-1
Industrial structure, growth and social reproduction

Demand: Growth	Supply: The distribution of social reproduction	
	Low road: Feminization of responsibility and obligation (FRO)	High road: Gender egalitarian (GE)
Wage-led/ altruistic	<i>Time squeeze</i> Low-income agricultural economies Conservative-corporatist	<i>Mutual</i> Social democratic France
Profit-led/ individualistic	<i>Exploitation</i> Dualistic Liberal advanced industrialized economies	<i>Wage squeeze</i> Costa Rica
	← <i>Semi-industrialized export-oriented economies</i> →	

One can imagine a political struggle over social welfare policy that encourages both investments in human capacities (e.g., instituting free higher education or establishing a universal right to health care) and a more gender egalitarian distribution of social reproduction via strong public provisions for care, potentially moving an economy along the diagonal from the exploitation to the mutual case. A globalizing developing economy that seeks to protect its citizens from the volatility of global integration by implementing social insurance may simply exchange time squeeze for wage squeeze, thereby continuing to struggle with finding a sustainable path for growth and development.

At the heart of these sorts of policy analyses is the point that growth, social reproduction and gender equality are connected in ways that make care a key determinant of macroeconomic policy outcomes, growth and development. Care work is not something that happens ‘over there’, in the farther flung reaches of economic analysis where only feminists or the occasional labour economist venture. Social reproduction is essential for growth, and the social and economic circumstances under which it takes place determine the precise nature of this relationship, as well as chart promising pathways for change.

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220 East 42nd Street
New York, New York 10017, USA
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Fax: 212-906-6705

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